

# Three Views of the Present War Crisis

By J. A. STEVENSON, WILLSON WOODSIDE, and "HANS HOEFER"



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THE singular political astuteness of Mr. King was vindicated once more, upon an unprecedented scale, in the national elections of Tuesday, when the electors, so far as can be told from returns available as we go to press (and subject to possible alteration by the soldiers' vote to be added next week), gave him an overwhelming majority in the new House of Commons. They were evidently convinced that no proof had been established of the charges of gross inefficiency and maladministration in the war effort which were the sole ground of appeal of the Conservatives; and we may take it that nothing further will be heard of those charges henceforth, which is just as well.

We do not go so far as to say that the electors, in our opinion, were completely satisfied with everything about the Government's war management. Rather we think that the decisive element in their mental computation was a reluctance to place the affairs of the country, at so crucial a time, in the hands of a party about whom so little was definitely known. The departure of Mr. Bennett left the Conservative party singularly devoid of outstanding political figures, and very much unprovided with both policies and traditions. Dr. Manion made a heroic effort to remedy these deficiencies in the short space of time allowed him, and is certainly not to be accorded the entire blame for the election disaster; but it must be admitted that he failed to provide colorful leadership or to overcome the initial distrust of the old Ontario Tories, while he made no inroads into the solid Liberal phalanx of Quebec. He will presumably have to pay the price of failure, although the party has yet to discover the man whom it will confidently trust to do better.

Another factor which worked upon the mind of the public was unquestionably the very personal and abusive character of the campaign conducted by the Conservatives. There was not much else for them to do, for Mr. King had very neatly debarred them from getting at any facts. But the Canadian public has a strong tendency to get sympathetic towards anybody who is being too arbitrarily abused by somebody else, and there was without doubt a widespread feeling that Mr. Rogers and Mr. King, and perhaps even Mr. Ian Mackenzie, could not be as bad as the Opposition speakers were painting them.

As for Mr. Hepburn—nobody but he could have won so many seats for the Liberal party in Ontario. He has now the distinction of having twice swept Ontario for the Liberals by leading them and once by leading the fight against them. His own political future must be a matter of grave disquiet to all of his numerous friends and admirers; but he has remarkable recuperative powers.

The complete débâcle of the Conservatives, including as it does the elimination of several of their ablest men in the old Commons, is profoundly regrettable from the standpoint of the public interest. We do not see how any effective criticism can be carried on by the mere handful of Conservatives in the new House, able as some of them are. A tremendous responsibility is thus placed upon Mr. King and his Cabinet—which we hope to see strengthened at an early date by the elimination of some of its weaker members and the inclusion of the ablest men from the huge Liberal majority. This being a time of war, and the Government having nothing to fear from the Opposition, we feel that the rigid rules of cabinet-making—so many of each province, race and religion—could well be ignored, and personal character and ability alone be considered.

### Too Much "Sitzkrieg"

CANADA'S little political disturbance having come to an end, Canadians are free to turn their attention once more to the state of Europe; and we make no apology for presenting three articles in this issue, all of them dealing with different aspects of the crisis which is presented by the recent successes of German-Russian diplomacy. There is no doubt that this crisis has come as an unpleasant surprise to the more optimistic, and has completely justified the predictions of those persons, evidently better informed, who have from the beginning declared that this would be a long war. The only consolation we can offer ourselves now is that even a long war is better

than an early peace upon terms which would ensure Germany a favorable start for her next move to extend her own power and lessen that of France and Great Britain.

The war of 1914-18 contained plenty of situations which appeared quite as discouraging to the Allies as that of today. There is, however, this difference, that the unpleasant situations of the last war were brought about by German military successes which cost the enemy forces a tremendous expenditure of both human life and munitions. The present diplomatic successes are being brought about at practically no cost at all, and they therefore make no contribution toward the ultimate victory of the Allies by the use of the weapon of economic pressure. The Germans are not using up any gasoline, any munitions or any troops; and at the same time they are rapidly extending the sources from which they can hope to receive supplies of gasoline and munitions, and also of foodstuffs, in defiance of the Allied blockade.

It begins to look as if it might be more advantageous for the Allies to accept even the active hostility of some of Germany's neighbors, and therefore to be in a position to get at Germany through their territory if the attempt can be made in sufficient force, rather than to have them continue neutral and go on supplying Germany with economic resources while at the same time preventing her enemies from getting at her.

At the present time, the neutral nations have only to choose between the alternatives of siding with the Allies and remaining neutral, in which latter condition they are able, and are effectually compelled, to render a good deal of assistance to Germany. Their choice of these alternatives has consistently been in favor of neutrality. It is possible that if they had to face the alternative of either fighting with Germany or fighting against Germany, they might be much more inclined to choose the latter; for there is no reason whatever to suppose that either Germany or Russia is any more popular than at the outbreak of the war. The only change is that both countries look somewhat more dangerous and alarming to their neighbors.

The French appear to have reacted to this worsening of the situation by putting M. Reynaud in the place of M. Daladier. The change is discussed by Mr. Willson Woodside on page 6, in one of the most

informative articles that we have ever had from his pen. The position and problems of the Balkan countries are ably described by Mr. J. A. Stevenson, and the policy and capacities of Italy are discussed, perhaps a little harshly, by a Central European refugee with excellent sources of information, who has to conceal his true identity under the pen name of "Hans Hofer." We do not think any Canadian can read these three articles without feeling that even greater sacrifices by Canada are called for, and are amply justified, for the defence of freedom against the German menace.

### Reforming Parliament

NOW that the election is out of the way, the electors should have time to do some thinking, and to make their thoughts heard, on the subject of certain proposals for the improvement of the efficiency and responsibility of Parliament, which have been mooted from time to time in recent years, but have always been pigeon-holed on account of more urgent matters. The electors are not going to have any very urgent matters to consider for some time; the Government will run the war for them, and will do it without very much aid from the common people, and it is inevitable that this should be so, because the running of a war is not an operation in which the common people, or even their representatives, the legislative body as a whole, can be very useful. All the really important decisions have to be made by the Prime Minister, usually with the aid of a small inner Cabinet, such as exists in most governments whether it is publicly recognized or not, and is sometimes constituted the actual ruling body in times of war.

One of the things which we should not have much difficulty in securing after the lamentable experiences of the past six months is a much more continuous session of Parliament. We do not greatly care whether this is pleasant and convenient for the great majority of the Members or not. They are elected, not for their pleasure and convenience, but to carry out the business of keeping an eye on the Government; and in time of war it is essential that they should keep an eye on the Government fairly continuously. If they cannot afford to stay in Ottawa for so much of the year as is

## THE FRONT PAGE

### ↑ THE PICTURES ↓

HE'S FRANCE'S WINSTON CHURCHILL. So Willson Woodside on page 4 of this week's issue describes M. Paul Reynaud, the new Premier of France, pictured above cheek by jowl with the troops of his country. He is described as having plenty of the daring and imagination thought necessary to a more vigorous prosecution of the Allied effort. But hard-working M. Daladier was not put aside. He remains in the new cabinet as Minister of War.

necessary for this purpose, the country can much better afford to pay them a few hundred dollars a year more than to have them chuck up their jobs for periods of six and eight months at a time.

Another reform which may give a little more trouble is the adoption of the British system of Under-Secretaries to take some of the parliamentary work off the hands of the Ministers. This is a particularly useful device in time of war, when the more responsible Ministers have not time to attend to their parliamentary duties, run their departments, and keep up with the work of the Cabinet at the same time. But a more permanent and more important gain from the introduction of this new feature in parliamentary life would be the training it would afford to young members, many of whom would undoubtedly develop into Cabinet timber in due course.

### Peculiar Sedition

WE MAY as well resign ourselves to the certainty that even a democracy, in these days, when it decides to go to war, will adopt legislation making it unlawful to say publicly that it ought not to be at war. But we do not think anybody has yet seriously proposed the theory, upon a tacit assumption of which Congressman Pinkham of Massachusetts has been demanding the dismissal of Mr. Cromwell from his position as United States Minister to Canada. Mr. Pinkham says that Mr. Cromwell's speeches "were intended to incite the American people to enter the present war in Europe and were seditious utterances." This assumes that it is sedition to attempt to persuade one's own country to enter a war which it has not yet entered. If the United States has now become so completely pacifist that it is unlawful to suggest that it should ever go to war, Mr. Pinkham's charge is comprehensible. But the United States has been at war before, and so far as we know there is nothing in the Constitution to prevent it from going to war again. And if it is capable of going to war it must surely be lawful for American citizens to suggest that it ought to go to war.

Whether such suggestions should emanate from a diplomatic representative is of course an entirely different question. As a matter of fact Mr. Cromwell did not incite his country to enter the war; but he did express a degree of approval of the cause of the Allies which might easily be embarrassing to the Government of the United States so long as it continues to maintain a neutral attitude. Plenty of Americans have said exactly the same thing as Mr. Cromwell said, but they do not happen to be employees of the United States State Department. Mr. Cromwell should remember that a Minister, like an Ambassador, is a person who is sent to lie abroad for the good of his country.

### Alberta's Vote

THE people of Alberta must long ago have given up any expectation that Mr. Aberhart will ever be able to put in effect in their province the kind of Social Credit for which they originally elected him, with its dividend of \$25 a month for every adult Albertan, or indeed any kind of Social Credit at all. They still vote for him, although not quite as extensively as a few years ago, but they vote for him merely as the person who most adequately represents their obscure feeling of hostility and resentment

(Continued on Page Three)

## THE PASSING SHOW

BY HAL FRANK

THAT sound you cannot hear is the stirring martial beating of the doldrums of war.

"I cast my vote,"  
Quote and unquote.  
Old Conscientious Manuscript.

A librarian suggests that people should read books to take their minds off the problems of the world. "Alice in Wonderland," we suggest, rather than "The Revolution of Nihilism".

As these lines are written, the voting is still going on, but the office political prophet, who shall be nameless, insists that the election will result in a stalemate. By that, we presumed that he meant it would end in a Drew.

Neighbors are practically impossible people. They either phone up to complain about the noise of your party or they want to come over.

Another reason why the public is doubtful of the intensity of the war is that the Canadian election campaign was able to push it out of the headlines.

Oscar, when asked whether he had seen "Gone With the Wind," replied yes, he had seen it three or four times once.

An omnivorous reader is one, we suppose, who even reads the advertising matter thrown upon his doorstep.

Listening to political speeches over the air has its drawbacks. You look awfully silly heckling a radio.

And you will know it is Utopia, too, because your friends couldn't afford to go to Florida either.

An American newspaper, by mixing scent with ink, has been publishing advertisements which smell like the product advertised. This looks like the supreme test of manufacturing confidence.

Speaking of neutrality, this war to end aggression has introduced a new figure—the guilty bystander.

The recent bombing of Sylt by the R.A.F. would seem to indicate that the British are finally turning over a new leaflet.

We have no sympathy for politicians. Why should they complain that the public has the same low opinion of them as they have of one another?

Esther says she voted for a truly National Government. She says she marked "X" after the names of all the candidates.





## Germany's Drive Puts Balkan Countries On the Spot

BY J. A. STEVENSON

THE past month has witnessed some interesting developments in the momentous struggle in Europe, and some of them may have an important bearing upon its ultimate outcome. Candor must admit that the collapse of the resistance of Finland and her acceptance of humiliating peace at Russian dictation constitutes a major reverse for the Allied cause. The Allies just gave Finland enough help to earn the illwill of Russia without doing her victim any good. They have suffered a further impairment of their prestige in the other small countries of Europe, who will become more susceptible to Nazi pressure through fear of sharing the fate of Finland, and they have been foiled of their hopes of being able to develop an opening to attack Germany on a flank as an alternative to facing the ordeal of a blood-bath in an assault upon the Siegfried Line.

This setback for the Allies coincided with the peregrinations of Mr. Sumner Welles, the accredited agent of President Roosevelt, who conferred with the heads of all the warring Governments, and with professedly neutral potentates like Mussolini and the Pope. About the same time, too, there was a dramatically staged meeting between Hitler and Mussolini on the Brenner Pass, there were confabulations between their satellites, and considerable other activity on the diplomatic chess-board. Rumors were rife that Germany was preparing to make another bid for peace on her terms and hoping that it would secure the backing of the Pope and President Roosevelt. But if this idea was ever seriously cherished it was promptly scotched by the pronouncements of President Roosevelt and Mr. Chamberlain against any peace which would leave Germany with her ill-gotten gains. However the diplomatic manoeuvres continue.

### COUNTRY SNOW

CITY snow like magic falls  
To clothe with silver trees and walls.  
One day beautiful it gleams  
Then the cloak shows dingy seams.  
And trodden, battered, dusty-gray,  
Cringes as it sinks away.

But country snow in shining white  
Day after day gives back the light.  
Footsteps make a thread-like trail  
And drifts pile high before the gale.  
It thins, but still, as April nears,  
Shines silver till it disappears.

MARY QUAYLE INNIS.

and the suspicion now prevails that Germany, having with the collaboration of Russia secured control of the Baltic, is bent upon effecting a reconciliation between Italy and Russia in order their co-operation may be forthcoming for the purpose of bringing the Balkan countries definitely under German control, reducing the influence of the Allies in this region to a nullity, and ensuring that the exportable surpluses of oil, foodstuffs and other commodities which these countries can produce will be made available to Germany for the purpose of frustrating the Allied blockade by sea.

Now these Balkan states, which occupy the great mountainous projection of south-eastern Europe, have been a hotbed of political turmoil often ending in bloody wars ever since the process of rescuing them from subjection to the Turk began with the liberation of Greece, in whose cause Lord Byron came to his early death more than a century ago. They have always been fertile fields for the diplomatic intrigues and machinations of rival great powers, and actually supplied the spark which set off the terrible conflagration of the war of 1914-18. In the present war they are not directly involved so far, but they are all regarded by the actual combatants as potential counters of considerable value in the struggle now in progress.

### The Military Cliques

With the exception of Turkey, which by reason of her retention of Istanbul (Constantinople) and a small slice of adjacent territory still ranks as a Balkan power, and which is a republic, all the Balkan countries are nominally under monarchical rule, but in every case it is a cloak for a rigidly dictatorial regime. Only in Roumania does a landed aristocracy exist; the bourgeoisie, consisting of professional and commercial elements, is comparatively small in numbers, and the great mass of the population consists of simple hardworking peasant folk, who wrest a bare living from soil which, except in the river valleys is of low fertility, and who by reason of their lack of education have only begun in recent years to acquire political consciousness. So the real direction of policies has been in the hands of cliques of military men, professional politicians and bureaucrats, who are continually engaged in competition for the favor of the royal courts; but today King Carol in Roumania and Prince Paul, the Regent of Yugoslavia, both exercise a very decisive say in the policies of their countries. All the Balkan countries are still backward economically by modern standards, and the scantiness of their industrial development leaves them dependent for their national incomes upon primary production, but since the last war they have been moving along progressive paths in various directions and have been slowly raising their standards of living and improving their educational facilities.

Their political education was stimulated by their membership in the League of Nations, and in recent years their peoples have become firmly imbued with the idea that their real interests demand that they should

cease to be pawns in the games of greater powers and pursue policies in conformity with their own needs. Accordingly some years ago Roumania, Yugoslavia, Greece and Turkey, for their mutual protection and the furtherance of common interests and objectives, formed a League called the Balkan Entente, which was a loose alliance without any permanent structure of organization. Representatives of the component countries met at intervals in different capitals and discussed their common problems, and special interest attached to their latest meeting held at Belgrade early last month as it was held under the shadow of growing complications for the Balkan countries, created by the outbreak of another major war between Germany and the western democracies. They were faced with growing pressure from both Germany and her opponents to take sides in the conflict, and they were also aware that Hungary and Bulgaria, whose grievances over their loss of territory after the last war had kept them from joining the Entente, were ready to exploit any opportunity offered of regaining the lands of which they felt unjustly deprived.

### Gesture Towards Germany

At this meeting Turkey, Roumania, Yugoslavia and Greece were represented by their respective foreign Ministers, MM. Sarajoglu, Gafencu, Cincar-Markovitch and Metaxas, the latter being also the recognized dictator of his country. Apparently the proceedings were completely harmonious, and unanimous agreement about a common policy was reached. At the close of the conference there was issued a lengthy communiqué which recorded the desire of the member states "to maintain and develop friendly relations with neighboring states in a conciliatory spirit of mutual understanding and conciliation"—which was obviously a gesture towards not merely Hungary and Bulgaria but also Germany and Italy. Another paragraph announced the prolongation of the Balkan Pact for seven years from February 6, 1940, and a pronouncement was also made about the necessity of "tightening up and perfecting economic ties and communications between the Balkan states, especially by increasing trade exchanges within the Entente." M. Sarajoglu, the Turkish Foreign Minister, proceeded to declare that the meeting had written "a new page for the Entente," but impartial commentators were sceptical about the validity of his further claim that "Balkan solidarity on the side of peace is strong enough to prevent the extension of war to the Balkans." If some encouragement had been given to the hopes of Hungary and Bulgaria that there would be some reconsideration of the question of their lost territories, then some definite progress would have been made towards the achievement of Balkan solidarity, but the Roumanians evidently remained obdurate against any concessions, and the two dissatisfied countries continue to pursue their own particularist policies.

### A Vassal of Germany

Hungary, whose government is in the hands of a group of reactionary Magyar aristocrats, has become economically a vassal state of Germany, to whom she is sending all her exportable supply of foodstuffs, but her rulers are anxious to avoid complete political subjection to Hitler and they have for the moment accepted the advice of Mussolini, with whom their relations have al-

ways been friendly, to defer Hungary's claims against Roumania for brighter days. Bulgaria on the other hand has always, through the influence of the Pan Slavist idea, been a special protégé of Russia, and although her Premier is reported to have declared that "Bulgaria prefers peace to the Dobrudja" (her lost domain in the delta of Danube), it is difficult to imagine that she would not welcome a Russian drive to recover Bessarabia, which Roumania filched for herself in 1919 when the Bolsheviks were engaged in a desperate struggle against the White Russian armies and their backers.

The Nazi press declared that the result of the Belgrade Conference was a severe defeat for Britain and France, because these powers had fondly hoped that their ally, Turkey, would be able to exert successfully her influence to secure some declaration of sympathy with the western democracies and make Roumania show her gratitude in practical form for the guarantee of her territorial integrity by Britain. But with the legions of Germany massed at no great distance from her frontier Roumania has too keen a recollection of her experiences in the last war, when she was overrun in a few weeks by German troops, to court a similar experience if she can avoid it. She is however in a very delicate position, because it is imperative for the success of Hitler's plans that he should be able to draw upon the oil and grain production of Roumania and the Roumanians know that so pressing are his necessities that he will stick at nothing to compass his ends. They have good reason to suspect that if the Germans decided to march southward into Roumania, Hitler would arrange for a simultaneous invasion of Bessarabia by Russian armies, and although a local imitation of the Maginot Line has been hastily built to resist such a drive the Roumanian general staff has no illusions about the ability of its army to cope with such a dual assault. But, although there is a strong pro-German element represented in the local Nazi party known as the Iron Guard, the sympathies of the bulk of the Roumanian people are pro-French and in a lesser degree pro-British, and they are anxious above all things to avoid earning the permanent ill-will of the western democracies by capitulating tamely to Germany's demand.

### Control of Oil Output

So the Roumanian Government has been walking very warily, and essaying the very delicate task of pursuing policies which will enable it to maintain its neutrality and keep its territory; it is allowing most of the exportable surplus of foodstuffs to go to Germany, and it has arranged to supply her with a monthly quota of oil somewhat larger than was provided for in a trade bargain known as the Wohlstadt agreement. But it has refused to accede to German demands that oil which was produced by British and French companies should be turned over to Germany, and it has appointed an oil controller armed with wide authority, who is supervising the distribution of the output of the local oilfields on an equitable basis.

But the Germans are not satisfied with this arrangement and they have been steadily increasing their pressure upon Roumania which is now flooded with German agents. Recently they played a trump card in the form of an offer to obtain from both Russia and Hungary definite pledges to respect Roumania's frontiers, provided that there would follow an immediate demobilisation of the Roumanian army so that the majority of the million

### THE PICTURES

ALL QUIET. It may be "quiet" on the Western Front, but men still face the hazards of death. Patrol work must go on, lest the enemy steal a march. These pictures show members of the Norfolk Regiment on reconnaissance work in "No Man's Land". They received the first two Army awards for bravery and coolness while on patrol. Left, approaching an outpost. Note how the men cover one another. Right, the Captain of the patrol moves forward with revolver ready.

and a half soldiers now under arms could return to work in fields and factories and thereby increase the production of different commodities needed by Germany, secondly that under the direction of German experts a process of stimulation should be applied to both agriculture and industry, thirdly that Germany should be given a virtual monopoly of Roumania's exports of oil, cereals and other supplies, with Roumania retaining only 6% of what average surplus, after domestic consumption had been provided for, had been available in the last five years, and fourthly that a place should be found in the Roumanian Cabinet for one member of the Iron Guard party. Now this party had been outlawed after some of its firebrands assassinated Premier Calinescu last year, and most of its leaders had been languishing in prison, and although King Carol as a gesture of conciliation towards Germany had lately released most of them, he balked at the idea of admitting an Iron Guardist into his Ministry; and the military authorities also declared that demobilisation on the scale suggested by the Germans would leave the country helpless. So intimation was sent to Berlin that these proposals were unacceptable to Roumania. But apparently negotiations are still proceeding, and the Germans may modify their demands.

### Turkey Won't Fight Russia

What the Allies obviously fear is that if Germany cannot get what she wants by diplomatic pressure, she will in co-operation with Russia proceed to take control of the whole of Roumania, and exploit its productive capacity to the limit. This is one of the contingencies against which the British and French have for months past been maintaining a large army on a war footing in Egypt, Palestine and Syria. The idea is that, if Roumania were invaded, this army could be employed either to prevent the complete occupation of the country or to start a diversion by launching a drive to capture the Russian oilfields in the Caucasus region from which Germany is also counting upon supplies of oil. For an expedition to Roumania the Allies could rely upon the help of the very efficient Turkish army, which is bound in any case by the terms of the Entente to help another member state, but its availability for an invasion of Russian territory is very dubious because the maintenance of friendly relations with Russia has been a cardinal principle of Turkish foreign policy, and her agreements with Britain and France both contain clauses exempting Turkey from any obligation to take part in a war against Russia. The Turkish Government, however, would fight against Germany or Italy, and it has been manifesting its sympathies with the Allies by various practical measures such as the summary discharge of a number of German experts and technicians who had been given key positions in Turkey and would be liable to resort to sabotage if Turkey was at war with Germany.

Accordingly the situation in regard to the Balkan countries remains clouded and delicate, but their peoples are making money out of the war because the Allies and Germans are bidding against one another for products which they either need for themselves or do not want the other side to have.

### EASTER

GONE was His breath, to join the winds of the world.

Far from the prisoning flesh, exultant, free;  
Sailing over the groves of Olivet,  
Touching the tender blue of Gennesaret,  
Rising to Lebanon, dipping down to the sea,  
Where the laughing fishermen's sails were all unfurled.

Then an angel, he who commands the gales,  
Called the Breath from his company at play:  
"Come, O gentle breath of the Mighty One,  
Giver of life since the firmament was begun,  
Speed afar, nor linger upon the way;  
This your task ere the star of the morning pales.

"Get you back to Him who was crucified,  
Cold He lies in the sepulchre of the rock,  
Satisfying the pious Elders' hate,  
Bringing a vengeful comfort-sop to the Great;  
Take you Life to Him; let his timid flock  
Lift their heads in a new and soldierly pride."

So the breath, an obedient son of God  
Flew from the sea, the mountain-crag and the plain,  
Joyous, set himself to the great emprise,  
Painted the lips with rose, illumined the eyes,  
Eased thence till the Man was whole again,  
Walking glorious there on the garden-sod.

J. E. MIDDLETON.



BRITAIN'S MOTOR TORPEDO BOATS ON PATROL. New to modern warfare, these armed motor-boats are used for patrol work, protecting shipping against enemy action and mine-laying both by submarine and airplane. The craft work by day and by night. Above, some of the boats starting out on patrol.



# Mussolini a Great Man—Italy Not a Great Power

BY HANS HOFER

IN SPEAKING about Italian politics, I always recall an experience I had in Naples. Standing beside the world-famous Bay, one warm and quiet evening, I enjoyed the most glorious view a human eye can catch on this globe. An Italian of the middle class, passing by and seeing my admiration, interrupted his stroll, and started to explain to me the landmarks I was looking at and which were long familiar to me. "This is Vesuvius," he exclaimed, "Volcano. Out there lies Capri, Axel Munthe! O, what a wonderful Island!" After this he wiped the sweat from his forehead and stretched out his hand for some money, in the belief that he had rendered me a great service by helping me to admire the Bay of Naples. Perplexed and impressed, I gave him a two-lire piece.

The policy of the Italian government rests on a somewhat similar principle. It looks out for a government in trouble, and then reveals to it what this government already knows: that Russia is a danger, that Germany (her friend) cannot be trusted, that the Allies are far away, and that the only possible friend is Italy. After this artillery preparation Count Ciano visits his colleague abroad, offers his country's moral, economic and military help, and returns with the gift of a new sphere of influence for his father-in-law. What Italy's moral support is worth one could see in Poland, when she let this old friend down before Hitler's determination. What her economic strength can do, one could see very recently in Roumania, where she stopped buying oil from her own wells, because she could not afford the price. What her military aid can mean, one could see in Austria, where Mussolini accepted Italy's greatest defeat without even moving his lips.

But, nevertheless, Italy offers all these imaginary guarantees, and demands as the price for them a very real influence. She can always persuade the other governments to accept these offers by creating the impression that she is a Great Power. It is one of the anomalies governing the relations between states that facts are perceived not as they are but as they appear; that those with greater imagination will in time of peace invariably outclass those with greater substantial resources. Only in times of war will the material values overcome the imaginary contents. That is why Mussolini will try to avoid a genuine showdown, which would inevitably destroy the illusion of Italy's might, under the batteries of those who have used less propaganda but more substance in the creation of their weight.

## Force of Imagination

Mussolini has brought to Italy the rank and dignity of a Great Power through the force of imagination. This is one of the chief national characteristics of the Italian people. We have seen it in the immeasurable wealth of recent Italian artistic creation, as well as in Mussolini's and his friends' own fantastic careers. The material facts were always against him, but his romantic imagination outwitted them easily. He marched on Rome with a number of his pals, saw the King, and returned from the palace with a top-hat, as prime minister. If he had chosen the more realistic and comfortable way of getting his friends to Rome by train, fascism would, perhaps, have been arrested on its arrival at the railway station.

Italy, filled with a new but regulated vitality, immediately took on the appearance of a mighty state. She became well organized and very different from her former near-anarchy. She built *autostradas*, equipped a modern army and trained soldiers superior in numbers to any other country in Europe at that time apart from Russia. But above all, she impressed the world with her bustling and highly artistic enthusiasm, the primary achievements of which consisted in the memorable excavations of Roman ruins, the embellishment of her cities, and the creation of beautiful uniforms which exercised an irresistible attraction on lady tourists and the delicate diplomats from the less imaginative countries. Political observers and journalists, who witnessed the tremendous changes in Italy, became spellbound by her many charms, and soon judged not only purely Italian affairs but everything else through the aggrandizing eyes of the poet and novelist Benito Mussolini. They raised him from his great national importance to an international figure. While he had only proved himself able to dominate Italy, he was now credited with enough wisdom and strength to interfere authoritatively also in the affairs of the rest of the world. Being himself a great factor within the boundaries of his state, he made people believe that Italy had become a Great Power in Europe, predestined to be arbiter of its history and destiny.

When he moved into Abyssinia his reputation was already so fear-inspiring that no one dared to go beyond a diplomatic protest in face of his saber-rattling speeches. Afterwards his own interpretation of the adventure proved more convincing than the facts, since the world accepted his version of a triumphant victory instead of considering the length of time his modern army needed to conquer the half-wild Abyssinians. In reality, this African war was a deplorable exhibition only comparable to the Russian débâcle in Finland, which also has ended in a "glorious" victory. One was afraid that Italy in her self-proclaimed fury might not only subjugate Ethiopia but also exterminate the western democracies with the same stroke, if any one dared to turn against her—because she said so.

## How to Be Champion

Thus the Abyssinian war brought Mussolini back into the continental political arena with a heightened instead of a diminished prestige. When later he occupied Albania he earned still more respect and succeeded definitely in establishing for his country the rank of a Great Power. Often, in international politics and diplomacy, the sporting rules work in the opposite direction: one does not have to beat the strongest challenger to become champion, the weakest will be enough. Italy suddenly loomed over Europe with an appearance of strength for which the measure was taken from her very doubtful victories over the Negus and King Zog, over an African state and the semi-protectorate of Albania.

Italy's power is the creation of propaganda, the outcome and apparition of Mussolini's suggestive mind, which has put the world into an hypnotic spell. Mussolini and Hitler are probably the only persons who are aware of this fact. When Hitler prepared his Blitzkrieg against Poland he did not rely on Italy's ecstatic war-mindedness, but preferred to make a pact with Russia's spirit of "peace and democracy." While Italy was howling with contempt for those effeminate westerners who believed in the ethical values of peace, she very quickly became quiet and platonic when Chamberlain, at last, lowered his umbrella and showed his teeth. While she was loud in her demands for Corsica and Tunis after Munich, she decided to forget all about it, when France not only proved not impressed but also ironical. Her proud guaranty of Austrian independence in 1934, when Austrian independence was not threatened and the German army was still in the cradle, was reduced to an inglorious "No comment" attitude four years later, when Schuschnigg tried in vain to reach Mussolini by telephone in order to get his promised help.

These are the facts which have to be considered for a true picture of Italian possibilities, and not the articles of Virginio Gayda. All along the way of her rise to

impressiveness she had proved that, in serious situations, she had helplessly to accept decisions from outside, as any other country of minor international importance would have to do. She has never tried to expand by means of force in directions where she was blocked by determination. Accepting the definition of a Great Power as being a state which can act as it pleases and in any direction it chooses, it is obvious that this qualification cannot be attributed to Italy. She tries to be recognized as a Great Power merely by talking as she pleases, which is the very ordinary psychological phenomenon of those suffering with inferiority complexes.

## In the Headlines

To make up for this deficiency she appears in the international scene always in company of a number of small and unimportant little countries. She is very anxious not to slip out of the headlines during these unfavorable times, when something serious is going on in the world. She therefore keeps the newspapermen busy by continuously stirring in the affairs of the handful of little countries which are still left outside of the spheres of the warring nations. She startles public opinion by concluding a military assistance pact with Hungary against all geographical and political logic. After the shock she received in Austria she shows a distinct preference for alliances with nations she cannot help anyway. The Anti-Comintern Pact was a beautiful example in this direction. Hungary and Roumania are another. Against whom does she want to protect these countries? Against Germany, Russia, Turkey, against each other? It is the method used by the tipster who advises different clients to back each horse in the race—and collects from the inevitable winner.

When the Balkan countries recently met in Belgrade, there were more dispatches from Rome than from that city. One got the impression, that the conference had nothing to do other than to listen to Italy's appeasing suggestions and appreciate her benevolent protective attitude. One forgot that Italy's interest was in the direction she had already clearly indicated in Albania, and therefore contrary to the interests of the Balkan countries. One forgot, finally, that the Balkan entente and the conference in Belgrade were conceived as a protective structure against Germany and Hungary (Italy's friends) and chiefly against herself. Her military alliance with Hungary here finds its real significance. It is allegedly against Russia, but the only country against which it can work is Yugoslavia. Her offer to help Roumania against the same Russia is also only meant to split her away from Yugoslavia. Russia has always proved a very useful object for scaring and fooling Europe. The greatest interests, the highest ideals have been willingly sacrificed, as soon as an aggressor—Germany, Japan, Italy, France—declared that they were saving civilization from Russia. Declaring this, they could always count on being left alone in their destruction of European civilization.

## Keep the Assets Working

A smaller quantity of money, which circulates, can buy more than more money, which remains idle. So also Italy has gained more reputation and prestige, not because of her substantial resources or actual military



THINGS TO COME

power, but because of the velocity with which she has circulated the few assets she has. The Great Powers on the contrary gained nothing because they remained idle, until recently. Now that they have finally started to bring their power into motion they have not yet met any of the threatened Italian resistance. Any suggestion that the Allies might bring some soldiers to the African coast of the Mediterranean would have brought the threat of wiping out the democracies from the "Italian sea." Now that troops from India, Australia, Great Britain and France have actually arrived in these "forbidden" territories, and that Turkey (the forgotten Great Power) has come forward into the limelight, Italy's voice of protest has not yet been audible. Wherever she meets real power and real determination, she frowns and retreats.

Nevertheless, we shall always have to pay tribute to the singularly great personality of Benito Mussolini, who has flavored our unimaginative time with the fascinating wealth of his imagination, who has played *grande politique* with bluff and deceit, but incontestably also with a particularly great amount of charm and humor, which is so utterly unknown to the ordinary statesman and politician in our age. He has rarely made a blunder without a sudden and graceful turning. When he excluded all English authors from the Italian stage he gracefully made an exception for Shakespeare and Bernard Shaw. His policy is similar to the unforgettable character of Manon; it is sometimes naively cunning and perfidious; sometimes baffling and spiritual; it is frightful and treacherous, but also charming and full of seduction. One should not be frightened when he says he is your ally. But one can give him the recognition of his personality, because he is a great man.

But Italy is not a Great Power.

## FROM WEEK TO WEEK

# An Abusive Campaign

BY B. K. SANDWELL

NOW that the campaign is over it can do no harm to put on record the fact that I found, in many different parts of the country, and among people of many different social classes and of all shades of political opinions, a very strong feeling that the language used by the leading Conservative campaigners concerning their political opponents was far too abusive and undignified, and was but ill calculated to enhance the prestige of those leaders in the eyes of the electorate. This is peculiarly unfortunate, because the Conservative leaders happen, with very few exceptions, to be new men, with little in the way of a national reputation already acquired, and therefore with an urgent need to register themselves as effectively as possible upon the minds of the electors from one end of the country to the other. I may add that the resentment against this style of campaigning was greater among the better class of Conservatives even than among the Liberals, for the latter had what the former could not have, namely, the consolation of reflecting that the general result of this scurrilousness was likely to be an increase in the votes cast for the Liberal party.

I was at pains to point out, to all those who raised this complaint, that the behavior of the Conservative speakers was partially explained, although not very greatly excused, by the fact that Mr. King's tactics in closing Parliament before it had a chance to inquire into the conduct of the war had deprived them of all chance of establishing by evidence the truth of the opinions which they were expressing, and which they no doubt sincerely held, about the degree and extent of the government's military efficiency. That this would have the effect of making the campaign on the Conservative side consist largely in bitter personalities was predicted in SATURDAY NIGHT as soon as Parliament was dissolved. But I confess I had hoped that Col. Drew would contrive to stand out as a striking exception to the behavior of his fellow-campaigners; and those hopes were sadly disappointed.

## Mr. Hepburn's License

In the case of Col. Drew I think there is a special explanation, but it is one which does not exempt him from the charge of bad judgment. That explanation is that he has been sitting opposite Mr. Mitchell Hepburn for some time. His bad judgment consists in his failure to realize that Mr. Hepburn holds a sort of special license for the use of extravagant invective against his opponents, a license granted to him in virtue of the charm of his boyish manner and his general air of total irresponsibility. What he says does no particular harm either to the object of his invective or to himself, because it is universally recognized as just another example of "pretty Fanny's way." Col. Drew is young, but he is not boyish; he is impetuous, but he is not irresponsible; he has no disarming smile, and he cannot expect to adopt the forensic style of Mr. Hepburn and get away with it.

That the Liberal campaign was, in this matter at least, on a relatively high level of respectability is not to be imputed to the Liberals for virtue. The

truth is that mud-slinging cannot be done effectively unless you have a fairly shining mark to sling the mud at. And so far as national figures are concerned, the Conservatives simply did not offer any shining marks. They have been out of power both nationally and provincially for the best part of five years, and even when they were last in power nationally Mr. Bennett was the only mark that was allowed to shine. The chief target of Liberal criticisms was a Conservative who was called to mind only because he did in 1914 the same sort of job as Mr. Rogers is doing in 1940; and Sir Sam Hughes has been a long time dead, and I do not think that Liberal speakers went much beyond the bounds of decency in talking about him anyhow. The most indecent piece of language that came to my attention in the Liberal campaign was the half-page advertisement in the Kingston *Whig-Standard*, which was obviously done by some third-rate local politician, and must have caused Mr. Rogers quite as much annoyance as anybody else. I am not expressing any opinion as to whether it was libellous or not, since Col. Drew has intimated an intention of finding out what view the courts will take on that question; that it was a silly and unworthy piece of work I do not think anybody on either side of politics would question. Mr. Slaght's observations on Dr. Manion's autobiography were in somewhat similar tone, and quite as unedifying.

## The Admiral Story

I am not discussing in this article any but the utterances of conspicuous national party leaders. Among these Mr. MacPherson of Regina made the best attempt at preserving the dignity and responsibility proper to a leader; though even he would have been well advised not to have used the rather absurd and eventually exploded story that a British admiral had been compelled to remove his headquarters from Canadian soil because he was not directly answerable to the Canadian Government. Nobody expects the third-rate politicians in any party to preserve either dignity or responsibility. The Kingston advertisement showed the kind of thing that they can do on the Liberal side; and the letters to the *Globe and Mail* written by a certain Toronto K.C. did the same thing for the Conservatives. This gentleman, after giving an entirely erroneous version of the history of the establishment of Union Government under Sir Robert Borden, as to which he was very properly corrected by Mr. Rupert Davies, went on to make the statement in a later issue that Mr. King fled the country in 1917 to avoid conscription. The most casual examination of any work of biographical reference would have assured him that Mr. King at that time was well over 40 years of age, and was entirely free from any liability to conscription. Every election brings out a certain amount of this kind of thing, frequently from people who ought to know better; but we are entitled to expect that politicians who are seeking a national reputation will abstain from it. It seldom does much good either to the individual who uses it or to the party whose interests he thinks he is advancing.

# The Front Page

(Continued from Page One)

toward the outside creditors to whom they owe money. Practically all of the other parties declared themselves just as anxious as Mr. Aberhart to protect the unfortunate Albertan debtor from the rapacity of those who lent him money some years ago. But the voters evidently felt that they could trust Mr. Aberhart to do this job as vigorously and effectively as the constitutional powers of the province will allow him, and about the other parties they were not quite so sure.

The Aberhart Government has now been in power for a sufficient length of time to make it impossible that some of its members should not have managed to learn something about the art of governing a province. The more they learn, the less faithful they are likely to be to the original doctrines of Social Credit; but those doctrines long ago ceased to be any part of the official baggage of Mr. Aberhart and his followers. We are not at all sure that any alternative government which could have been formed in Alberta would be very much more orthodox in its financial policies than Mr. Aberhart's; and we predict with a good deal of confidence that Mr. Aberhart's government will gradually move over to a position from which it can make some sort of terms with the creditor interests and thereby make possible a renewal of at least a moderate flow of capital into Alberta.

Major Douglas, the original inventor of Social Credit, appears to have lost all interest in the only Social Credit government in the world, and must be regretting that he did not take out trademark rights in the name which he attached to his economic nostrum. The Aberhart party has no more right to that name now than the C.C.F. or the Hepburn Liberals. But nothing can be done to deprive them of it so long as they like to go on using it.

## The Sirois Report

THE report of the Commission on Dominion-Provincial Relations, which may be made public at any minute now, and is not likely to be withheld until the new House of Commons assembles, seems quite certain to be an epoch-making document. On the whole it is perhaps not unsatisfactory that it should come before the public at a moment when there is practically no possibility of anything being done about it for many months or possibly for several years. What it needs is not immediate action, but very careful study. It is desirable that it should give a lead to public opinion, but it is essential that public opinion should follow it voluntarily and by conviction.

The secret of the general tendency of its recommendations has been extremely well preserved; we have met nobody outside of the members of the Commission and their staff who claims to have the slightest idea of what the report will contain. That it will suggest some increase in the federal powers is fairly certain; there is indeed hardly anybody who would dispute the desirability of some measure of such increase. It is assumed, however, that it will also provide some positive and permanent protection for all those provincial rights about which provincial and racial feeling is strongly concerned. The Commission has had the benefit of advice and information from a large number of the ablest experts on both the law and the workings of the constitution. Eventually, we may presume, a conference of representatives from every portion of Canada will be summoned, to be entrusted with the task of formulating those amendments to the constitution which the Government will thereupon, so far as it finds it possible to approve of them, transmit to Westminster with a request for adoption. But there is no hurry about this, and the conference should not be called until the report has received prolonged study by every Canadian who is interested in the subject, and has been largely discussed in the public prints.

While the members of the Commission are all more or less of the Liberal faith, it does not necessarily follow that their recommendations will be opposed by the Conservative party as a body. But if they are so opposed the result may not be wholly detrimental to the interests of Canada. It would probably do no harm if the two major parties should be definitely differentiated from one another by their concept of the proper direction in which the constitution should trend. This would provide a much more permanent, vital and intelligible line of cleavage than the outworn difference about high and low tariffs, which has long been becoming less significant with each succeeding year.



# THE HITLER WAR

## France Has a Winston Churchill

BY WILLSON WOODSIDE

"The democracies have never during the past twenty years lacked the material means to ensure peace; what they have lacked is clarity of purpose and daring."—Paul Reynaud.

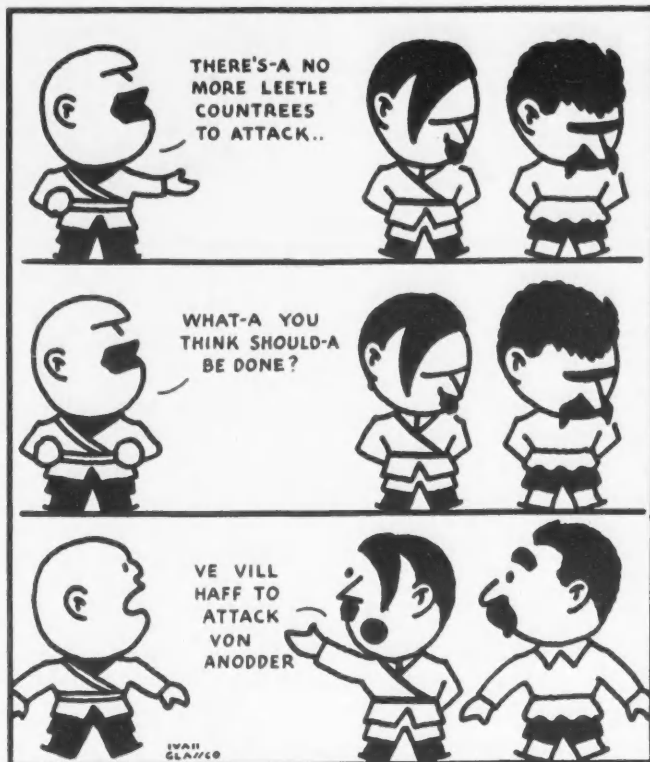
PAUL REYNAUD has been called in to give France more action. In several ways Daladier's dismissal seems a miscarriage of justice. There appears to have been a miscount of the actual vote of confidence on which he lost office. And it was he who urged the necessity of aiding Finland and extending the war to Russia from the very beginning of the Russo-Finnish conflict, and it was apparently Mr. Chamberlain who delayed both these decisions just long enough to do the damage. Cabinets fall more easily in France than in Britain, however, and when I think of the three governments which France had during three days which I spent in Marseilles in the spring of '35, Daladier's two-year premiership does seem a remarkably long one. And at any rate neither his services nor his prestige are lost to the Cabinet or country, since he stays on in the position of War Minister which he has so ably filled for the past four years.

Meanwhile the new leader, if he can survive the resentment of Daladier's Radical Socialist henchmen, promises to bring more vigor and imagination to the Premiership and a fresh outlook to the Quai d'Orsay, which the Foreign Office has long and badly needed. At a stretch of the imagination—a great stretch as concerns bulk!—Paul Reynaud might be called the French Winston Churchill. He has always been something of a free-lance. He is known as a clear thinker, a brilliant debater and a resolute actor. He has proven his worth by solid performance in various ministries, those of Finance and Justice under Tardieu, and Colonies under Laval, but has never been Premier. This final honor he has earned by his greatest performance of all, the cleaning up of the French finances after the long bout of depression, nerves and Popular Front New Dealism, and putting them in shape to bear the shock and strain of war.

### Right Though Defeated

Most of all, however, I think of Paul Reynaud as the French Winston Churchill because for years he has been standing up in the Chamber of Deputies pleading for policies which the Chamber lacked either the wisdom or the stamina, or both, to carry out at the time, but which have since been proven right by events. Thus he opposed Poincaré's march into the Ruhr, and advocated paying the war debt to the United States. He called for devaluation of the franc in 1934, when that action might have brought many advantages, advantages which were lost by the time it was done in 1936. More recently and more particularly, he opposed with all his force the Munich policy of "appeasement." The outstanding Rightist journalist Henri de Kerilis, in publicly withdrawing his hostility to Reynaud and promising his support, says: "You have been right every time," that is not the least, nor the worst, of the reasons why Reynaud has now been handed the helm of state.

Nor is the least of the reasons for Daladier's decline in favor the lingering feeling, which would not be downed, that the man who led the country to Munich is not the man to lead her to victory. There was besides a legacy of distrust among certain sections of the population for his part in the fatal riots of February 1934, and for his rigorous crushing of the ill-timed General Strike of November 30, 1938. On top of this there was the growing restiveness of Par-



By Ivan Glasco.

liament under his "strong man" rule, his discouragement of debate, rule by decree and rigid censorship of the press, the latter being incomparably more stringent than anything met here or in Britain. It may prove that in calling in Reynaud, one of the sturdiest defenders of its privileges and a new, fresh figure unconnected with the unhappy events of the past seven years, Parliament is showing a healthy reaction from the corruption and license of 1933-35, the crippling partisanship of 1936-38, and the at times alarming quiescence of the past two years.

### Unity With Britain

I don't think that it is so paradoxical as it may sound that Reynaud, if he is given a chance, will be able at the same time to restore to French foreign policy the vigor, imagination and individuality which it has almost completely lost during the years when it has tamely followed on Whitehall's leading-string, and to co-operate even more closely and warmly with Britain. This co-operation is already nothing short of remarkable, especially when one thinks of the eternal squabbles and distrust which persisted almost throughout the last war and broke out again shortly after the peace. Not to go so far back as the retreat from Mons, when Lanrezac simply picked up in the middle of the night and made off without bothering to tell Sir John French, as late as March 1918 Pétain refused to co-operate with the British forces being borne relentlessly back by the great Ludendorff drive on Amiens. Only in that supreme crisis, when the British Cabinet was considering the drastic alternatives of letting go its right hand, clasp the French, and falling back on the Channel ports, or letting go its left hand on the Channel ports and holding on to the French, were the two Allies able to agree on a unified command.

This time the unified command was all arranged long in advance of hostilities, and the Supreme War Council, to quote Daladier, meets and takes decisions "as though it were the Cabinet of a single government." The theory, powerfully advocated by Lid-

dell Hart and experimented with disastrously during the Munich crisis, and bearing in it the seeds of disruption of the Franco-British alliance, that Britain should never again send a large army to the Continent, was happily renounced in time. In place of the two divisions which were all that Chamberlain would promise Daladier before Munich, something like a third of a million highly mechanized British troops are already in the line in France. To realize how important this is, one really needs to have seen the vicious propaganda which the Germans were disseminating in France before the war about the English being "ready to die to the last Frenchman," and the black-bordered obituary cards which appeared shortly after the outbreak, mourning "Pierre Dupont," who had "died for England."

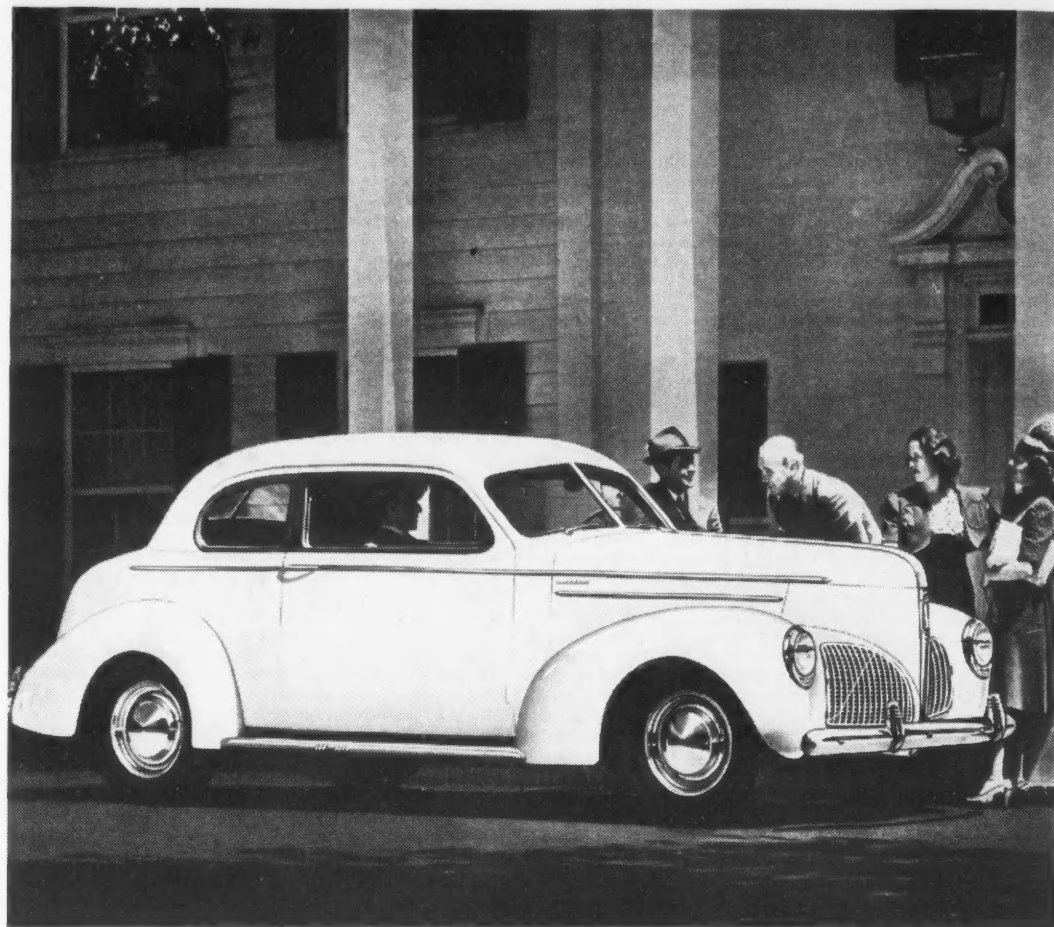
### Pound and Franc Tied

All through the last war, too, British and French purchasing missions competed against each other on the world markets. This time they have not only eliminated competition among themselves, but arranged to pool many of their purchases, to negotiate foreign loans and credits together, and to share the financing of other countries and allies in a fixed proportion. They have tied the pound and franc solidly together on the exchange and eliminated the necessity of gold transfers between the two countries. They have agreed that neither partner shall enjoy a surplus of butter or bacon, iron or oil, while the other is short. In place of the constant bickering about how many miles of front each should hold, the two countries show a keen appreciation of each other's war effort. Innumerable parliamentary, business and journalistic groups have crossed the Channel on good-will visits, and the French, no doubt aided by the fact that in the first half-year of this war, so differently from the last time, more British have been killed than French, have shown understanding of the immense effort being made by Britain on the sea and in the air, as well in filling out her army, while the British have appreciated the great sacrifices endured by every village and almost every family in France to put five million men in the field. More and more both peoples are coming to look upon the land-line facing Germany from the Alps to the North Sea and the sea-line extending from there to the Shetlands as integral parts of one barrier, shielding their common ideals of human decency, freedom and dignity from an unspeakable barbarism.

Leaders on both sides have already called for this co-operation to be strengthened and deepened after the war, intimating that this practical experiment might well prove the core of a new European order, around which other nations might gradually group themselves. Probably the French desire this even more than the British. They see that 40 million Frenchmen can have no permanent security in face of 80 million Germans unless they have the full and steady backing of Britain, and would like to avoid those periodic revulsions of British policy from participation in European affairs, the latest and worst example from their point of view being 1919-23.

### Must Be An End

If they cannot be assured of this support then they feel that they must know in time, so that they can take the necessary measures to secure themselves against another German onslaught in twenty-five years' time. For the united voice of France says in quiet, grim determination: "Il faut en finir"—an end must be made of this continually recurring German menace.



Illustrated: Studebaker Commander Club Sedan, \$1343 delivered at factory. All prices subject to change without notice.

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## NEW 1940 STUDEBAKER COMMANDER

The French believe that they see Continental affairs more clearly than the British. You won't hear them lacerating themselves about the "iniquities" of Versailles and accepting part of the blame for this war on its account. What then was it which made the Germans attack them in 1870, or in 1914, after the Germans had dictated a Treaty of Versailles to them? What has made the Boche invade Austria, seize Czechoslovakia and seek to exterminate the Jews and Poles? The French don't believe that we are only fighting "Hitlerism" and not the German people, that, in Chamberlain's words, "it is the German Government, and the German Government alone, which stands in the way of peace." They remember that before Hitler there was a Wilhelm II, and before Wilhelm a Bismarck.

There is something deep-rooted in the German people which makes them the willing tool of such rulers, and it has got to be cured or excised. They don't think that this will be a simple

### PORTRAIT OF FATHER

HE DIED, much as he lived, Not making any fuss About it. Accepting all we did Quietly, and with a touch of humor, As if to say, "Beloveds, if this helps YOU,— But I go... anyway!"

Withdrawn, perceptibly withdrawn, He waged his little struggle Agreeable to all the final desperate tries Science affords. He drifted out— Farther away. You couldn't even reach him With your hand, finally. He'd made his peace with Death. Just for a second, up from the Sargasso Sea of kindly opiates He came... living and sweet and somehow re-assuring, To name you, with his final stumbling breath!

MONA GOULD.

or a quick job, considering the problem which the whole Nazi-raised youth presents. Certainly they scorn the idea that a liberal, democratic German régime can be set up the day Hitler disappears and that we can and ought to treat with such a régime on free and equal terms. They disagree violently with proposals that such a Germany should be immediately invited into a European Federation in which, following Anglo-Saxon ideas of fair play, representation would be according to population, and Germany thus assured the predominant place from the start.

"Il faut en finir"—it is hard to quarrel with the sentiment, considering France's experience during the past 70 years. Many of our people are expressing it in only slightly different terms. When it comes to the method there is almost bound to be disagreement. But winning the war comes before making the peace, and for the present the slogan, as given out by Mr. Chamberlain, is "Nous sommes d'accord."

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DONNA: "Hello Twin! New hat?"

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DONNA: "Not taking any chances, eh?"

DON: "Indeed I'm not! Seems to me there's something about a Stetson that makes any man a 'go-getter'!"

DONNA: "You're telling me? Still... even though you are my brother I must say you look quite distinguished and I'm sure you'll get that job!"

DON: "Thanks, Donna! I'll buy you another Stetson when I get my first pay cheque!"

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A PORTRAIT OF A. E. PHIPPS, ESQ., President of the Imperial Bank of Canada and of the Toronto General Trusts Corporation, recently painted by Sir Wyly Grier, R.C.A., O.S.A., D.C.L., now on view at the Art Gallery of Toronto.





NEW KING'S REPRESENTATIVE IN NEW BRUNSWICK. Above, seated at the desk of the Clerk of the House in the Legislative Assembly Chamber at Fredericton, the new Lieutenant Governor of the province of New Brunswick, Hon. W. G. Clark, is affixing his signature to written copies of each of the three oaths of office. Looking on is J. Bacon Dickson, deputy Attorney General, and for the occasion representative of the Clerk of Canada's Privy Council.

## De Valera Is on Our Side

BY JOHN W. HOLMES

NOT many people would have predicted in 1837 that Georges Etienne Cartier would one day be a baronet, or in 1900 that Jan Christian Smuts would be a statesman of the Empire. Still fewer would have guessed in 1921 that Eamonn De Valera would one day fight Britain's battles. But in 1935 Mr. De Valera expressed a theory. He said: "A free Ireland could be for Great Britain only a friendly Ireland and would be a surer safeguard to Britain's security than could possibly be an Ireland in subjection, for an Ireland in subjection could only be a hostile Ireland." Reasoning in this way, and repeatedly pledging that his country would never be used as a base for attack on Britain, he persuaded the British to withdraw from the three naval bases which they had maintained on Irish territory since the Treaty of 1921. He realized that the Royal Navy could make good use of those bases to patrol a hostile haunt of U-boats, but he also knew that those symbols of British "domination" might bring on another Irish war. He knew that a strong arm would be needed to hold Ireland together if Britain went to war again, and he knew that it would be better for both countries if that strong arm was his.

In order to hold Eire together it was essential to declare its neutrality. Even the old Unionist *Irish Times* agrees on this point, and Mr. Cosgrave recently declared that there was more agreement on neutrality than on any other issue in the country. But public opinion is not neutral. The Nazi-Soviet pact ended whatever sympathy there might have been for the enemies of Britain, and even those who can say no good of the old enemy show little liking of the enemy's enemy. So long as Mr. De Valera maintains full control, there is not likely to be gun-running from Germany and aid for U-boats in this war. He has indeed bent neutrality in ways favorable to the Allies. He has not prevented Irishmen from crossing the Channel to enlist, and he has blacked

out Dublin and the coast in order not to guide German bombers over Wales. Some Canadians, like Mr. Mc-Aree of the *Globe and Mail*, wonder why Eire, tucked safely behind Britain and her navy, could not stretch a hand to help Poland. It should be pointed out that (in spite of Mr. Dulanty's claim at the Naval Conference that the Free State would have the theoretical right to build battle-ships up to the "common upper limit" proposed by Japan, a threat which led not one Japanese admiral to harakiri) the Irish navy consists of two converted fishery-patrol vessels and a £250,000 order for torpedo-boats. The permanent and reserve Army and Air Force as now mobilized numbers about 25,000 men, just about enough to keep internal order—if the Army itself remains loyal and does not allow the I.R.A. to plunder any more of its arsenals. Eire has neither the men nor materials for an expeditionary force, and her best service to Britain is to prevent the extremists from starting another little war by attacking the "King Billy Line" round the Six Counties of Ulster.

### Irish Exodus

Any one who imagines that De Valera could lead his people into a war beside the Tommies, even when his people wish the Tommies well, is forgetting all the blood that was spilled not twenty years ago. If he wishes to know what the Prime Minister would be up against, let him read what Mr. Maurice Walsh of County Dublin has to say in the January 13 issue of the *Saturday Evening Post*. Let him not worry about the facts as presented by Mr. Walsh, for that gentleman is one of Ireland's most delightful writers of fiction, and the *Saturday Evening Post*, as usual, has ulterior motives. But lest he should be misled by this rhapsody, it might be well to point out a few places where the vision of Cathleen na Houlihan

kept Mr. Walsh's eye off statistics. He tells of the new de-Saxonized Ireland designed to keep her sons at home in the fields or the flourishing new factories, but fails to mention that the new plan brought a rush of Irishmen to the slums of Dublin, Glasgow, and Liverpool. He warns the Americans that the British will beat them round the council table because of a nasty habit of sticking a cloven hoof under the green cloth (the figure is Mr. Walsh's), but does not mention that Mr. De Valera's deductions from the Treaty of 1921 are about the slickest bit of reasoning since the Yankee senators got to work on the Alabama claims.

He tells of the poor inhabitants of Ulster, prevented from joining their brothers in the South by the political machine Britain maintains in Belfast to hold this fortress as a jumping-off place for the reconquest of Ireland. Now there is little doubt that the Catholics and Nationalists find their liberties somewhat restricted in the North by the policy of exclusion and gerrymandering carried on by the Protestant majority. Lord Craigavon himself is reported to have remarked, "We have all the Fascism we need in Ulster. We have the 'B' Specials,' the Orange Order, and the Black Chapter." But it helps not at all in the solution of the complicated problem of partition to deny that Britain is powerless to end partition without the co-operation of both parts of Ireland. And Mr. Walsh is not too blind to see that the naval base at Belfast can have much more vital uses for Britain than the reconquest of Ireland. Mr. De Valera is undoubtedly sincere when he promises that Eire will not be used as a base of attack, but Britain fears that the 25,000 men and the two old patrol boats might need help from Belfast in carrying out their promise. Mr. Walsh offers us the heroic picture of the Irish guerrillas handling waves of Heinkel bombers by means of the pot-shot and ambush which were so successful against the Black and Tans. He ends significantly with the remark that Ireland is again in arms for her ideals. Now as Eire is a neutral state, this reference to a defence of ideals by arms can refer only to the gallant campaign of putting bombs in post-boxes and underground stations, of maiming London milkmen and killing five citizens of Coventry. If it does, it is the only reference to the I.R.A. in this article. Mr. Walsh feels somehow that he can discuss Anglo-Irish relations impartially in December of 1939 without mentioning the I.R.A.

This omission is unfortunate, as there is much ignorance abroad about the I.R.A. The Irish Republican Army claims direct descent from the Army which fought the British from 1916 to 1921 and then fought its own leaders who accepted the London Treaty, but it is only a rump of the original I.R.A., for most of its members joined the Cosgrave Government or followed Mr. De Valera into the Dail later on in order to secure independence by constitutional action. I.R.A. terrorism was met by Cosgrave with a Special Powers Act, but De Valera tried to appease the organization by purging the Constitution of the oath of allegiance to the King. His old associates called him a traitor and kept on shooting, until in 1936 he got tough, called the I.R.A. an illegal organization, and clapped its leaders in jail. He seemed a bit slow in condemning the bombing campaign in Britain, but he dared not antagonize extremist opinion too readily.

### About the I.R.A.

Last July he declared to the Senate that the Government had no sympathy whatsoever with the terrorists, who had put back the cause of union many years by misreading Irish history and making no allowance for



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changed circumstances. In that same speech he showed one significant development from the unrealistic attitude still professed by Mr. Walsh, for he admitted that "the factor maintaining partition was that minority of 800,000 in the North." In December he declared a settlement could be brought about with good will on the part of the British Government and if it was necessary to wait a few years longer for settlement with a contented people, he was prepared to wait.

He has consistently denounced the I.R.A. and their futile use of force, and has set up a special military court and provided the Government with emergency powers of arrest on suspicion. The I.R.A. is not an easy body to handle. As it is outlawed, it is secret. It has officers and all the features of a military organization, but no one knows who belongs to it or how many. Whether it is abetted by the Nazis is not certain, although the British Home Secretary claimed in August to have secret information proving that it was sponsored by a foreign organization. The Irish Government has found many packets of dollars sent by unofficial American bodies, and it is possible that the Germans are working through the United States as they did before the Easter Rebellion of 1916.

### Small Minority

It is only fair to most Irish people to bear in mind that the I.R.A. represents a small, if militant, minority. It is true Ireland united to send hundreds of pleas asking for the reprieve of the two men hanged last month for the Coventry bombing, but most of these pleas asked for a commutation to life sentences in order not to endanger relations between the two countries. Many were coupled with expressions of sympathy for the relatives of the victims, and almost all expressed horror at the crime. The Fenian Raids seem to have left many of us with a firm belief that the troubles of Ireland are due to the "Irish character," and that the "wrongs of Ireland" are the figments of New York orators. We might remember that Lord John Russell said, "We have made Ireland the most degraded and miserable country in the world," and Joseph Chamberlain said that English rule of her sister country was "founded on the bayonets of thirty thousand soldiers encamped permanently as in a hostile country." An understanding of some of Ireland's much baited history is necessary for a fair appreciation of the Irish position. In particular it helps us to understand what the Irish mean when they maintain that it would be dishonest for them to swear allegiance to King George, but

that they can be just as good allies as the Portuguese or the Belgians or the French, who likewise feel no loyalty to the British Crown.

The crimes of Cromwell and Captain Boycott's lack of social consciousness cannot, of course, be a permanent excuse for the childishness of Mr. Walsh. It is unworthy of a great nation to justify irresponsible actions on grounds of tit-for-tat, tat being either the plantations of Ulster by James I or the Black and Tans' fondness for John Jamieson's whisky. This is what Mr. De Valera has learned in his years of office, and the knowledge has made him a statesman. He made a sincere effort to create an Irish nation, independent economically, spiritually, and constitutionally, and he has had to compromise because he has learned that Eire lives in an interdependent world, and that Geography is a harder master than Britain. Since coming into power he has become a world statesman, like General Smuts. He has been a loyal supporter of the League and has served as its president. He supported sanctions against Italy, refusing to listen to Mr. Cos-

grave's suggestion that he should first bargain with Britain. A moral principle was at stake and he was intransigent as ever. He refused to recognize the Burgos Government in 1936 when pressed to do so by the Catholic Church, by Mr. Cosgrave, and the latter's fascist friend, General O'Duffy, who had defended Mussolini's venture into Abyssinia and later took his Blue Shirt Legion to fight for Mussolini in Spain. Instead he joined Britain in the policy of "Non-Intervention." In 1938 he defended Mr. Chamberlain's Munich policy before the League. Since last September he has been the head of a neutral state, unable to express his views. Yet no one who saw the trend of his thinking in international affairs can have any doubt as to his partiality. In a 1936 broadcast to Australia he referred to the new paganism rising in Europe and said that in future Ireland might have to play as great a part as in the past to maintain Christian civilization. He is playing a very important part by exercising his unique power of preventing an explosion in Britain's back.



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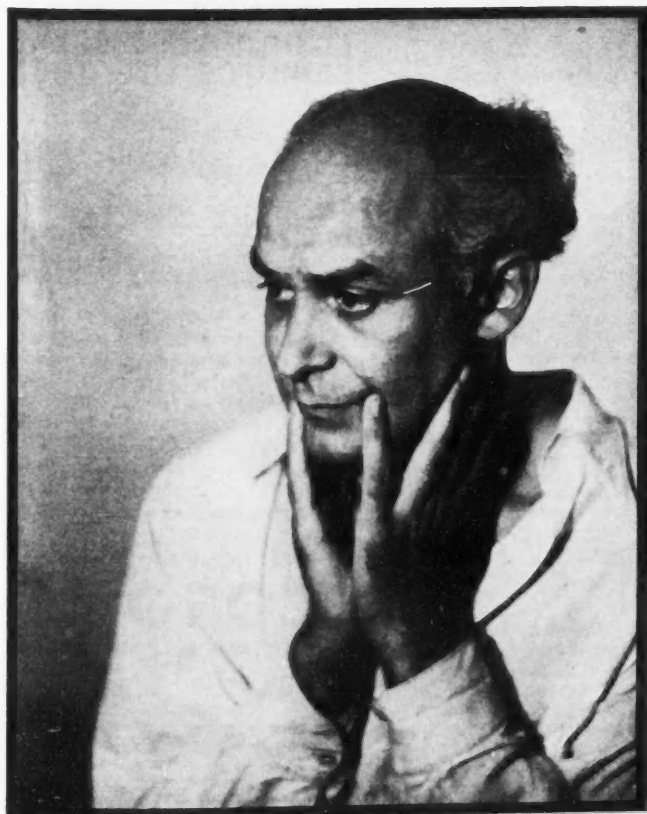
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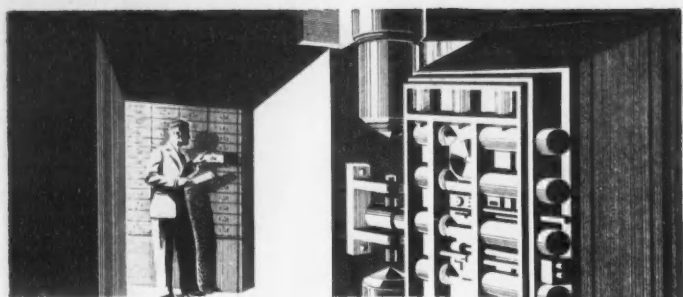
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SATURDAY NIGHT, The Canadian Weekly



DR. HUGO BURGHAUER. A recent portrait by the Toronto camera artist Haanel Cassidy. Dr. Burghauer is one of the foremost living bassoon players, now soloist with Toronto Symphony Orchestra. He was formerly President of the Vienna Symphony Orchestra and a member of the staff of the University of Vienna.





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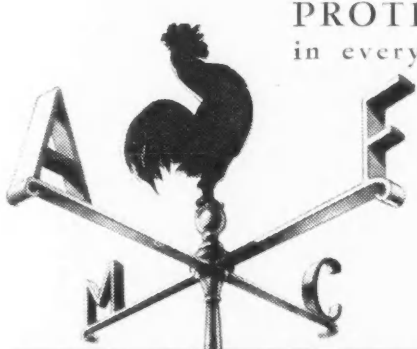


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LORD TWEEDSMUIR'S DESK IN HIS PRIVATE OFFICE, photographed by "Jay" when the latter visited Rideau Hall in 1937.

## John Buchan-In Memoriam

BY FREDERICK NIVEN

Far back it seems now, at times almost as though in a former life (I was in my eighteenth year), I made my first public effort and with youthful daring read a paper on Kents to a literary society in the beloved though grimy city of Glasgow. A man in the audience asked for a loan of it to show to a friend, unnamed, of his, and some time later, when he returned to me, I found it had been annotated in the margin in a neat scholarly hand that suggested acquaintance with Greek letters.

"My friend," said he, "was greatly interested and says he would advise you to go on."

When I asked who his friend was I was told he was a young man, son of the neighborhood's Free Kirk clergyman, who, after studying at Glasgow University, had gone up to Oxford. "We expect great things of him," he went on. "By the way, he went to your school." That was Hutchesons' Grammar School, to which De Quincey's definition of "Grammar School" could have been applied: *Grammatica—Literature*, a place where that was taught. It is a historic school, founded by the brothers George and Thomas Hutcheson in 1641.

On hearing the name of the annotator of that early effort of mine I was delighted, for it was John Buchan and I had two of his books, his first books, which greatly I cherished—"Sir Quixote of the Moors" and "Scholar Gipsies." Three years my senior, I had not known him at Hutchesons'. He would be one of the lads in long trousers who, at our military drill, fenced with the coveted foils instead of with the uncouth single-sticks with which we boys in knickerbockers had to be content. But these two books I knew well. The first went often in my pocket on tramps out of Glasgow to the Mearns Moors, for at that time I had adopted from Stevenson a

habit that he had told us of in one of his personal essays: I always took a note-book to note in and a book to read in on such excursions. I treasured "Sir Quixote" for its smiles from the land, such as that of the road winding through the heather and the peat-bogs "like an adder." Munching sandwiches, I would dip into it on the side of Ballygeoch, after guddling for trout in the burn that twisted across the moor. The spirit of the land I loved the *genius loci*—was caught and held between the covers of "Scholar Gipsies" and "Sir Quixote of the Moors."

### The Nearer Borders

A year or two later my folks removed from Glasgow to Edinburgh. Instead of the Mearns Moors I had the Pentland Hills and soon, extending my tramps, I had the nearer Borders, Tweedside from Symington to Broughton (where John Buchan's father had his first charge) and on to Peebles. Another book of Buchan's I had then—his "John Burnet of Barns." It might have been specially written for me! In it were both the twistings of singing Tweed and the cone of Ballygeoch. It roved from the wynds of old Glasgow to the closes of Edinburgh. My tramps were extended. I legged it out beyond Peebles. I went down beyond Yarrow Ford on the road to St. Mary's Loch, and his "Grey Weather," in which the spates rise and the "lang-nebbie" whaupers cry, came then opportunely to me. I have that volume still, a grey-bound book with cover-design by the Scots artist Sir D. Y. Cameron.

The years slipped by and after two sojourns in Canada I was back in the Old Country when war broke out—the war of 1914-1918. When I presented myself for military service it was revealed to me that I had a damaged heart. "We hope you do not cycle," said one of the examining doctors. I did! I was told not to. Perhaps my labors, during the Canadian hegrais, in lumber-camps and railway camps, had taxed "the pump" too much. Barred from all military service I sought other war work and was in the Ministry of Food when I heard that experienced journalists were required for a reorganization of the British Propaganda Department. The Germans had been preparing for their propaganda campaign for ten years before that war. We were unprepared. Their increasing activities demanded greater attention on our part. As a practising journalist I felt I might be of more service in a Ministry of Propaganda than in the Ministry of Food where I was engaged upon the fair distribution of milk and butter, cheese and eggs, to army, navy, civilians, and hospitals. I wrote to the Foreign Office stating my qualifications and in return had a letter making an appointment for a talk there regarding my application. It was signed John Buchan. Promptly I pasted it into my copy of "Sir Quixote of the Moors," for old times' sake.

### Put Into a Book

Well do I recall passing under the Foreign Office arch on that past day, well recall being ushered into Colonel Buchan's room. He had just come back from Army Headquarters in France to attend to the reorganization of that increasingly essential war work. As he rose from the desk and came to meet me, said he:

"So you put me in a book!"

Yes, I had, in a way: In one of my earlier novels I had made a character read his "Sir Quixote of the Moors," and that novel of mine he had read.

We were, by that preliminary remark, at once at ease together. Discussion of my journalistic experience did not take long time. It appeared

that it was just for those with such experience as I had had that he was in search. The matter was settled. I was appointed to the newly organized Ministry of Information. But I was not allowed to go then. He detained me for talk. I did not mention that paper on which he had made annotations years before. It came into my mind and I wondered if he would have any recollection of it were I to speak of it, but other subjects deflected me from reference to it and the first and distant contact it had given us.

We had to talk of the Mearns Moors and of Ballygeoch, of Misty Law that is named for the pennant of mist it wontedly trails, of guddling for trout in the burn that flows out of Brothers Loch, of Tweedside where herons stand patient on one leg humped over their reflections in the bends by Broughton Green. Even at a lull in that talk I was not permitted to take my hat from under the chair and go. He had read some of my articles in the press on Canada and he was clearly determined to draw out of me more than an account of the journalistic work that would fit me for appointment to the Ministry of Information, more than my memories of heather hills and bog-holes and sunny or grey weather on the moors he knew.

### Boyish Eagerness

He was very boyish. With a boy's eagerness he heard—for I could not deny him some further accounts of the west beyond those I had written and he had read—of the men in a gravel-pit of the dry belt in British Columbia, and of the lumber-camp by Shuswap Lake where I had worked, and of the Indian trails on which I had travelled. But there was a war on. We crowded into a comparatively short space of time a lot of talk on other themes but might not talk of other themes too long. As I came out under the arch of the Foreign Office I had a pang as of homesickness both for the Mearns Moors and for the Thompson River on its way through British Columbia past the steep sage-brush banks.

Only thrice I saw him after that day and on only one of these glimpses had talk with him, though we had, in recent years, occasional correspondence on diverse matters, and into my "Grey Weather" I pasted one of his later letters as into my "Sir Quixote" I had pasted the first I had from him. Just shortly before his death I heard, almost by accident, from a friend we had in common, of a good turn he had done for me without thinking to acquaint me with the fact in any letter. When he was appointed Governor-General and came west (I had been back in Canada some years then, its appeal always strong for me) I recalled that visit to the Foreign Office very clearly, and his boyish interest in the camps and trails, on hearing how, alighting at Calgary and coming out of the station and seeing the mounted Indians in buckskin and feathers lined up to greet him, he joyously exclaimed: "This is—delightful!"

For Canada, as befalls many Scots, he came by a great liking and certainly he saw much of it in the time at his disposal. In the time at his disposal. There is not much time at disposal for any of us. Life flies. But his was a full life and much he found delightful. When the news came to me of his death poignantly I realized that there are those we meet but once or twice (or even never meet) who yet, though themselves unaware, are part of our lives. He, for me, by those early books of his in which the spirit of the land of my early years was caught, and by that packed half-hour or hour (or whatever it was) at the Foreign Office, when we roved from the Borders to British Columbia, was one of these.



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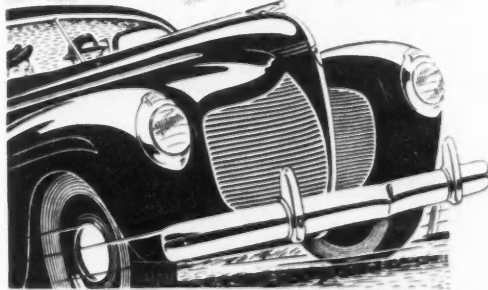
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# Working For Super-Gasoline

BY SYDNEY B. SELF

Fourth of a series of articles on the "chemical revolution" which marks this continent's entrance into a new industrial phase. These articles will attempt to look into the immediate, practical future of a dozen or more key industries whose fortunes are being made—and unmade—by the progress of modern research. The following article continues the story of how the \$2,000,000,000 oil industry is turning itself into a chemical producer, juggling hydrocarbon molecules to produce cheap, super-gasoline, and raw material for synthetic rubber.

**LOOKING** further ahead, plans already are on foot to attempt to produce 150-octane gasoline to cost no more than 100 octane. Only about a year ago, 125-octane gasoline was a laboratory curiosity costing several thousand dollars a gallon, and now it is down to around \$50 a gallon.

All of this is getting pretty far from the realm of the immediately practical, since as yet there are no motors to use fuels of this type, even if they are cheaply made in quantity.

The key to all of these revolutionary new processes is the little understood chemical reaction called catalysis. A catalyst is simply a material which in some mysterious way causes a chemical change to take place without itself entering into the reaction. Catalysts of various kinds are now pretty well understood and in wide use in the chemical industry, but if you ask why they work and how, no one can tell you.

A number of different catalysts, nearly all quite ordinary things, are used in the new oil processes. Houdry uses a kind of clay composed of silica and alumina; other processes use sulphuric acid or phosphoric acid, or metal oxides.

## Different Techniques

Used in various ways, with different technique, these catalysts make it possible to take the variety of hydrogen and carbon molecules found in petroleum and combine them with great exactness into the products desired, which are the comparatively rare and profitable high octane gasolines.

The new oil processes are surrounded by a bewildering collection of long names like polymerization, alkylation, hydrogenation and hydro-forming. All that they really mean, however, are different ways of using the hydro-carbon molecules as building blocks, changing the molecules themselves, when it is necessary to make them fit.

For example: "Polymerization" means making so-called long chains of molecules out of short ones, or big ones out of little ones. It is used to take gases from thermal cracking and make gasoline from them.

"Alkylation" is the process of combining molecules of petroleum gas to make the "branched chain" molecules which have been found to result in the highest octane gasolines—the "super-fuel."

"Hydrogenation" is simply the process of sticking extra hydrogen molecules on where needed—a sort of improving on nature's process.

## Three Major Groupings

There are three great groupings of new catalytic processes besides a good many scattered ones from which more may be heard later. All of the great oil companies have a stake in the race in one way or another and there probably has never been such hectic concentrated research in the history of the oil industry—an industry which has never been a laggard in scientific investigation.

There is the Houdry Process Co., owned one-third each by Socony-Vacuum, Sun Oil Co., and its French

backers. This company has been the first to build any large number of new catalytic plants and is already quite famous.

Then there is the M. W. Kellogg-Standard Oil of New Jersey group, very little known to the public, but which has developed processes and technique of major importance now going into active operation.

Finally there is the Universal Oil Products Co., pioneer in the development of heat cracking which caused the first revolution in refining technique. Universal, tied in with Consolidated Oil, Shell Union and Texas Corp., also has its catalytic processes in operation.

The first of the new catalytic chemical processes to be translated into new plant construction and substantial production is the now-famous Houdry process.

## The Houdry Process

Ten years ago a Frenchman named Eugene Houdry came to this country looking for capital to develop a new oil refining process, using a catalyst which he had been nursing along in France for some years. He finally interested the Vacuum Oil Co., later merged into Socony-Vacuum, which put up some money and a little later the Pew family of Philadelphia, which controlled Sun Oil, came in with \$2,000,000 or \$3,000,000. Five or six years were spent on research which culminated when Sun's first unit went into production in 1937. It was all kept very quiet, however, until about a year ago when both Sun and Socony-Vacuum began to build large plants.

Socony-Vacuum now has built eight Houdry catalytic cracking plants costing around \$30,000,000 with a daily charge to the catalytic cases of 90,000 barrels and other plants are projected.

Sun Oil has two Houdry units costing around \$11,000,000. Standard Oil of California not long ago paid \$1,000,000 for a license under the Houdry patents and is operating a pilot plant. They now have under consideration the installation of a large commercial unit.

The Houdry Process is remarkable because it will take almost any type of charging stock (that is grade of oil) with the exception of low grade straight run gasoline. It can turn out 82% gasoline with "Research" octane rating of 86 to 90 with the balance divided between kerosene and furnace oil. No low grade residual fuel oil is made. The heat cracking processes, previously the most efficient, produce 70% of gasoline of 75 research octane and lower ratings.

In the Houdry process the crude oil is vaporized and then passed through a tower filled with the clay catalyst. Two towers are used alternately since the catalyst becomes coated with carbon and ineffective after a period. The vapors then pass to what are called "fractionating towers" where the different grades of product are separated and drawn off.

## Hydrogenation Process

While the Houdry process is revolutionary in that it works directly from crude oil to high octane gasoline, the oil industry has been working for some time on a number of chemical molecule changing processes. One of the first, for example, was the "hydrogenation" process acquired years ago by Standard Oil of New Jersey from the German I.G. company and since greatly improved and modified.

This process is comparatively expensive and has been used to make a high grade base for aviation gasolines which are then raised in octane rating by blending with other fuels.

Later, the catalytic polymerization process was developed, the long word

simply meaning tying together of molecules, making big ones out of little ones. This is a very effective and cheap way of making high octane gasoline, but its limitation is that it requires refinery gases to work on and cannot be used on crude oil. Thus, its raw material, so to speak, is not very plentiful when large amounts of high octane gasoline are needed.

There are probably 20 to 25 polymerization plants using catalysts in operation now, and 10 big ones using heat and high pressure.

## Hydro-Forming Technique

Another new process expected to be of major importance is the catalytic "hydro-forming" process which has been developed in the last year or so by Standard Oil of New Jersey and M. W. Kellogg & Co., leading refinery engineers, the German I. G. Farbenindustrie, and Standard Oil of Indiana. This is not a cracking process working on crude oil, but a chemical process remaking low grade straight run gasoline or naphtha into high octane products. What it does is change the molecular structure of the gasoline; it can start with any grade, no matter how low, and take it up to any rating desired at very high yields.

It is an off-shoot of the hydrogenation process that Jersey Standard has been working with for many years. Jersey has long been a leader in chemical research in the oil industry, and last year received the bi-annual award made by Chemical & Metallurgical Engineering for the outstanding chemical development of the last two years.

The great advantage of the hydro-forming process is that it is believed by its sponsors to be the best method yet found of efficiently producing very large amounts of high octane gasoline

from readily available raw material (charging stocks). The enormous amounts of low octane rating straight run gasolines must be raised in quality to be saleable, and this is what hydro-forming does. The first major commercial plant using this process will start operations shortly at Bayway, N.J.

Another important new refining process is called alkylation, which is the business of taking small unsaturated molecules and making them into the desirable branched chain molecules which are found to make the best fuels. This, like polymerization, works only from refinery gases but it produces the highest octane rating fuels. It is used to supplement other processes by making blending fluids to step up aviation gas to 100 octane ratings.

As must be true in any fundamental scientific change of the magnitude of the new catalytic processes, once the scientific work is completed, business must go slowly in the actual building of plants and must figure out after tests and observation which of the many methods is best adapted to the work of a particular refinery.

One of the top men in one of the process companies lately counselled a small customer—"Come back in another six months, then we can tell you just what to do."

Oil refining is a highly complicated game with many variables in the types of oil used and the efficiencies of the various new processes for different problems must be tested.

It is safe to say, however, that "in another six months" the revolution will be far advanced.

The next article of this series will discuss one of the fountain-heads of oil industry research—Universal Oil Products—the unbelievable company with no industrial plants and "\$25,000,000 worth of research brains" which licenses half of the world's gasoline production.

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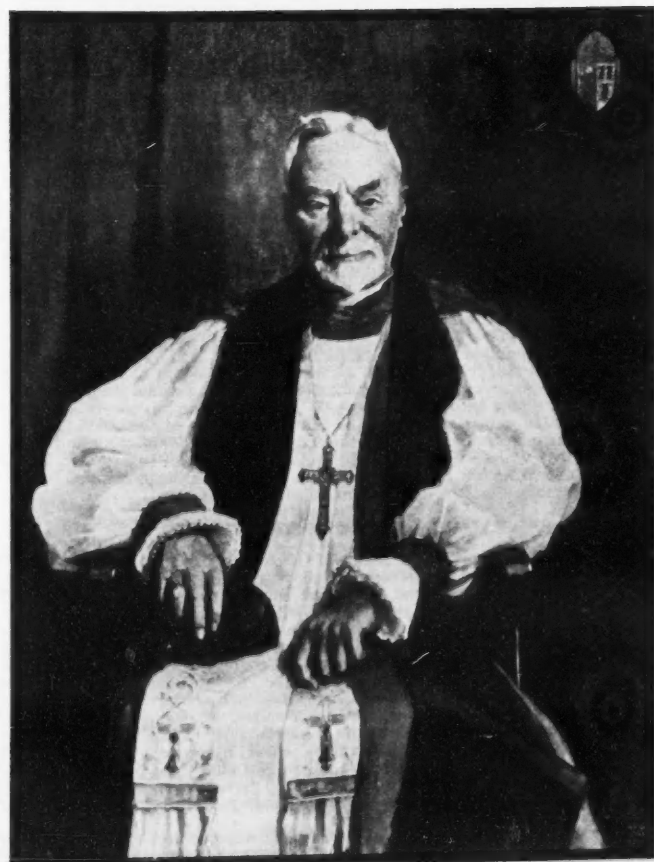
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A PORTRAIT of the Rt. Rev. Lennox Williams, D.D., former Lord Bishop of Quebec, by Sir Wylly Grier, R.C.A., O.S.A., D.C.L., painted for the diocese of Quebec, which is on view at the Art Gallery of Toronto.

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# CANADIAN PACIFIC RAILWAY COMPANY

## Fifty-Ninth Annual Report

of the

Directors of Canadian Pacific Railway Company  
Year Ended December 31, 1939

### To the Shareholders:

The accounts of the Company for the year ended December 31, 1939, show the following results:

INCOME ACCOUNT	
Gross Earnings	\$151,280,699.78
Working Expenses (including taxes)	122,756,880.31
Net Earnings	\$ 28,523,819.47
Other Income (after providing for depreciation of steamships and hotels)	6,764,851.22
	\$ 35,288,670.69
Fixed Charges	\$ 24,700,692.40
Interest on bonds of Minneapolis, St. Paul & Sault Ste. Marie Railway Company, guaranteed as to interest by your Company	805,830.00
	25,506,522.40
Balance transferred to Profit and Loss Account	\$ 9,782,148.29
PROFIT AND LOSS ACCOUNT	
Profit and Loss Balance December 31, 1938	\$136,969,650.26
Balance of Income Account for the year ended December 31, 1939	9,782,148.29
	\$146,751,798.55
DEDUCT:	
Loss on lines abandoned and on property retired and not replaced	\$ 4,838,055.47
Miscellaneous—Net Debit	560,240.22
	5,398,295.69
Profit and Loss Balance December 31, 1939, as per Balance Sheet	\$141,353,502.86

The balance of Income Account available for transfer to Profit and Loss Account was \$8,519,766 greater in 1939 than in 1938.

### RAILWAY EARNINGS AND EXPENSES

The comparative results of railway operations were as follows:

	1939	1938	Increase or Decrease
Gross Earnings	\$151,280,699	\$142,258,981	\$ 9,021,718
Working Expenses (including taxes)	122,756,880	121,506,515	1,250,365
Net Earnings	\$ 28,523,819	\$ 20,752,466	\$ 7,771,353
Expense ratios:			
Including taxes	81.15%	85.41%	4.26
Excluding taxes	78.26%	82.29%	4.03

The increase in gross earnings of \$9,021,718 is equal to 6.3%. Decreases were experienced in the first four months of the year, reflecting the lower level of business and industrial activity throughout Canada. Commencing in May, improvement became evident and increases were recorded each month with the exception of October in which the decline in earnings from grain more than offset the increases from other classes of traffic.

Passenger earnings decreased \$504,341, or 3.1%, despite the stimulating effect of the Royal Tour in May and June and an increase in mid-summer tourist traffic from the United States. In the early part of the year, unfavourable business conditions resulted in a lower volume of travel in Eastern Canada. The inauguration last spring of transcontinental air services introduced a new competitive element in long-distance travel in Canada. Although there was a substantial increase in all-expense tour traffic from overseas, it was offset by a heavy decrease in regular traffic to and from Europe and the Orient as a result of unsettled international conditions. However, an increase in passenger earnings in December offset to some extent the earlier decline.

Freight earnings increased \$10,010,559, or 9.1%, reaching the highest level since 1930. In the early part of the year, the general industrial recession was responsible for decreases in most classes of commodities. Improvement commenced in the second quarter and became more pronounced in the remaining months, owing to the grain movement and the impetus imparted by the war to certain classes of business. The movements of coal, lumber and logs, paper, refinery and smelter products, and miscellaneous manufactured goods all showed increases during the year, while fruits and vegetables and petroleum products decreased.

Earnings from grain and grain products for the year increased by \$6,214,457, or 24.2%, almost one-fifth of the increase having occurred in the period prior to the movement of the new crop. Handlings of all grains totalled 203 million bushels, an increase of 38 million. This compares with the 1930-1938 average of 150 million bushels and the 1925-1929 average of 254 million. The 1939 wheat crop in the Prairie Provinces amounted to 433 million bushels, the second largest in history. Owing to the comparatively small volume of wheat exports during the summer and early autumn months, terminal elevators at the head of the Great Lakes and in Eastern Canada became filled to capacity, and it was necessary for the railways to establish temporary embargoes during October and the first half of November against movement of grain from various western points to the Lakehead. It is estimated that, largely on account of this condition, less than 60 per cent. of the crop was moved by the end of the year, compared with 70 per cent. in the previous year, and your Company enjoyed the benefit of only about one-third of the increase in its grain earnings to be expected from the 1939 crop.

The increase in working expenses of \$1,250,365 is equal to 1.0%, which was more than accounted for by the fact that in the first three months of 1938 deductions from basic rates of pay were still in effect, and, towards the end of that year, there was a temporary lay-off of shop and clerical staffs which did not recur in 1939.

Maintenance expenses increased \$242,993, or 0.5%, and represented 31.93% of gross earnings, as compared with 33.78% for 1938. Maintenance of Way and Structures expenses decreased \$430,214. During the year 181.2 single track miles were relaid with new rail, and 1,489,082 treated and 1,857,456 untreated ties were placed in track. Three special ballasting projects including the placing of 105.5 single track miles of rock ballast were completed on the Company's Western Lines. Maintenance of Way expenses were relieved to the extent of \$116,437 by reason of the assumption by the Dominion Government of a portion of the expense of the ballasting projects as part of the program for relief of unemployment. Maintenance of Equipment expenses increased \$673,207. While there was an increase of \$1,395,250 in charges for retirements of rolling stock, the total of which was \$7,411,151, there was a substantial reduction in the cost of other maintenance of equipment expenses, owing principally to the fact that only one passenger car was air-conditioned as compared with ninety cars in 1938. At the end of the year, 85.6% of locomotives and 96.5% of freight cars were in serviceable condition, as compared with 85.8% and 94.9%, respectively, at the end of 1938.

Transportation expenses increased \$926,661. The ratio to gross earnings was 36.18%, as compared with 37.82% in 1938. With the exception of the year 1936, when wage reductions were in effect, this was the best transportation ratio since 1929. The improvement resulted in part from the greater concentration of traffic in the period of the year when conditions of operation were most favourable, making possible heavier train loading and more economical use of motive power. The operating efficiency of your Company continued to improve, as indicated by the following comparisons with 1938: the average freight train load was 1,717 tons as against 1,604 tons, an increase of 113 tons; the average consumption of fuel was 99 pounds per 1,000 gross ton miles, as compared with 102 pounds, resulting in the lowest level yet recorded; the average speed of freight trains increased from 17.1 to 17.2 miles per hour and the gross ton miles per freight train hour from 27,363 to 29,573.

Other working expenses increased \$80,711. Traffic expenses decreased as a result of the curtailment of advertising and the closing of certain foreign agencies following the outbreak of war. General expenses increased, largely by reason of greater pension disbursements and the fact that the one week lay-off of clerical staff in 1938 was not repeated in 1939. Senior officers, Directors, and members of the Executive Committee were subject to the same reductions in remuneration as in the previous year.

### OTHER INCOME

Other income amounted to \$6,764,851, a decrease of \$598,821. Dividend income was reduced by \$665,141. Dividend disbursements of The Consolidated Mining and Smelting Company of Canada, Limited, were at the rate of \$2.00 per share as compared with \$2.50 in 1938. The amount received by your Company from that source was \$3,365,000, or \$841,250 less than in the previous year.

Net income from interest, exchange, separately operated properties, and miscellaneous sources amounted to \$2,621,100, an increase of \$1,128,570, due principally to the more favourable rates of exchange.

The operation of ocean and coastal steamships resulted in a net loss of \$71,274, after deducting \$3,782,277 for depreciation. This compares with net earnings of \$591,071 in 1938. Prior to the actual outbreak of war, unsettled international conditions brought about a decrease in gross earnings from ocean steamships in Atlantic and cruise services. The commencement of hostilities resulted in further disturbance to both freight and passenger business in all services. All ocean cruises

were cancelled and many of your Company's ships were engaged in war services. The "Beaverhill" met with two accidents which kept her out of service for a total of five months, and in December the "Duchess of Atholl" sustained severe damage to her turbines which necessitated the cancellation of a round voyage. All told, gross earnings of ocean steamship services suffered a decline of \$2,307,389. Insurance charges increased \$846,318, largely for war risks. Net earnings of coastal steamships decreased by \$62,895, due mainly to increased insurance charges. In the circumstances, the result of the year's operations was as satisfactory as could be expected.

Net earnings from hotel, communication and miscellaneous properties amounted to \$12,960, a decrease of \$399,905. There was a decrease of \$352,386 in hotel earnings, after providing \$1,448,008 for depreciation. The provision for depreciation, which was \$201,321 more than in 1938, was computed at 2 1/2% of the depreciable investment, the full rate set as the objective for hotel depreciation charges. Notwithstanding the competition resulting from the inauguration of Trans-Canada airmail services, there was an increase of \$12,484 in the earnings from communications. There was a decrease of \$60,003 in the earnings from miscellaneous properties.

### FIXED CHARGES AND GUARANTEED INTEREST

Fixed charges decreased \$67,246. Income account was charged with \$805,830, being the amount payable by your Company by reason of its guarantee of interest on Soo Line Second Mortgage Bonds, maturing January 1, 1949, and First Refunding Mortgage Bonds, Series "B", maturing July 1, 1978.

### DIVIDENDS

While operations for the year resulted in a substantial improvement in earnings, your Directors, after very careful consideration, reluctantly came to the conclusion that in view of the uncertainties of the present situation they would not be warranted in declaring any dividend on the Preference Stock in respect of the year 1939. Your Directors feel that, in the interests of all of your Company's security and stock holders, such course was the proper one to take, particularly in view of the impossibility, owing to war conditions, of predicting the effect on your Company of developments in the near future.

### PROFIT AND LOSS ACCOUNT

Your Company's hotel at Vancouver was closed on May 24, 1939. While the ultimate disposition of the property has not yet been determined, it has been considered desirable to write down your Company's investment therein for the reason that the agreement with the Canadian National Railways for the operation of the new Hotel Vancouver provides that the old building must not be used as a hotel. Accordingly, Property Investment has been reduced by an amount of \$3,743,127, of which \$1,176,629, representing the depreciation accrued on the hotel, has been charged to Hotel Depreciation Reserve and the remainder, less salvage recovered, has been charged to Profit and Loss under the caption, Loss on Lines Abandoned and on Property Retired and Not Replaced.

Charges were also made under this caption for the retirement of various other properties found to be no longer necessary under present conditions, including 16.2 miles of line, 26.1 miles of sidings and passing tracks, 5 enginehouses, 15 water stations, and 42 other structures. These abandonments will be productive of operating economies.

### LAND ACCOUNTS

During the year, 106,148 acres of agricultural lands were sold for \$762,315, an average price of \$7.19 per acre. This included 1,203 acres of irrigated land sold at an average of \$47.60 per acre and the remainder at an average of \$6.71 per acre.

In continuation of its policy of aiding in the rehabilitation of farmers in Western Canada who have suffered from the adverse conditions of the last nine years, your Company extended the same concessions to holders of farm contracts as in 1938. Interest rebated during the year amounted to \$149,395, and reductions on account of principal outstanding and further concessions in interest for cash payments totalled \$1,523,744. Since the inauguration of this policy in 1932, the Company has made total rebates and concessions amounting to \$14,966,988.

### BALANCE SHEET

The General Balance Sheet is presented in the customary form and this Report includes the usual schedule indicating the changes in Property Investment which occurred during the year.

An important change is in the amount at which your investments in United States railroad subsidiaries is carried. The revised plan of reorganization of the Spokane International Railway Company approved by the Interstate Commerce Commission makes no allotment of securities in the new Company to the unsecured creditors or stockholders. Your stock investment in and your unsecured claims against that Company have, therefore, been written off. Furthermore, in view of the principles adopted in reorganizations under the Bankruptcy Act of the United States, it has now become apparent that there is no reasonable prospect of realizing any value from your stock investments in the Soo Line and South Shore Companies, and accordingly these have also been written off. These write-offs, aggregating \$15,650,021, were charged against Investment Reserves previously provided.

In 1907, your Company became interested as half owner in a coal mining property in Ohio, owned and operated by Cambridge Collieries Company. Over the period, it has proved a valuable asset, yielding substantial dividends, stabilizing the price paid by your Company for coal, and ensuring continuity of supply. In more recent years, the depressed conditions in the coal industry, together with the gradual exhaustion of the readily available coal reserves, have resulted in uneconomic operation. In 1939, it was decided to dismantle the properties and to dispose of the salvage. As it is apparent that there will be no residue for the shareholders, after the payment of prior claims, your Company's investment in the Cambridge Collieries Company has been written off. There has been charged to Investment Reserves the amount already provided therein against your Company's proportion of the accumulated deficit. The balance of the write-off, amounting to \$362,303, is included in miscellaneous debits to Profit and Loss.

Commencing with the year 1934, all discount on terminable securities has been charged to Unadjusted Debits and is being amortized through Income Account over the life of the securities. Discount on other terminable securities, issued prior to that year, which had been charged against Premium on Capital and Debenture Stock, has on maturity or retirement of such securities been transferred to Profit and Loss or Land Surplus, as appropriate. Analysis showed that the net balance of discount on terminable bonds remaining to be transferred to Profit and Loss was slightly less than the amount of net discount on Perpetual 4% Consolidated Debenture Stock which has been charged to Profit and Loss since the inception of your Company and which could properly have been charged against Premium on Capital and Debenture Stock. Therefore, to simplify the Balance Sheet and avoid the necessity of making further transfers upon the maturity or retirement of the terminable bonds, an adjustment between the discounts on the Consolidated Debenture Stock and on these bonds has been effected, resulting in the crediting of a net amount of \$62,998 to Profit and Loss. The remaining discount on note certificates, amounting to \$2,031,078, has been transferred to Land Surplus, the account charged with the interest on this issue.

### FINANCE

Serial 3% Collateral Trust Bonds to the amount of \$1,000,000 and 3 year 2 1/2% Collateral Trust Bonds to the amount of \$8,000,000 were redeemed and on such redemption Consolidated Debenture Stock to the amount of \$10,850,000, pledged as collateral, was released and cancelled.

Equipment obligations to the amount of \$3,254,769 matured and were paid and Consolidated Debenture Stock to the amount of \$268,000, pledged under Series "D", was released and cancelled. An amount of \$2,587,669 was deposited with the Trustee of the Equipment Trust maturing July 1, 1944.

Serial 4% Debenture Stock to the amount of \$638,285 were redeemed on February 1, and on such redemption Consolidated Debenture Stock to the amount of \$962,400 was released and cancelled. Later in the year, owing to the decline in the market value of Consolidated Debenture Stock, further amounts of that Stock aggregating \$6,586,100, were deposited, under the terms of the Notes, as additional security for the balance of the Notes. In December, owing to the improvement in the market value, Stock to the amount of \$1,589,300 was withdrawn and cancelled.

Twenty Year 4 1/2% Sinking Fund Secured Note Certificates to the amount of \$328,500 were purchased by the Trustee and cancelled.

Repayment was made to the Dominion Government of \$210,940 in reduction of the liability for loans made on account of unemployment relief.

Payment of the final instalment of the amount payable for the railways purchased jointly by the Canadian National Railway Company and your Company from the Government of Alberta was made on June 1, your Company's proportion being \$2,790,000. As this obligation had been assumed by the Northern Alberta Railways Company, 5% Bonds of that Company in the amount of \$2,790,000 were issued and delivered to your Company in consideration of the payment referred to.

During the year, loans totalling \$15,000,000 were obtained from Canadian banks on short term promissory notes. On December 28, these loans were reduced by a cash payment of \$3,900,000, and the balance of \$11,200,000 was converted into serial notes payable in instalments of \$2,000,000 each on December 1, in each of the years 1940 to 1945. The notes maturing in the years 1944 and 1945 bear interest at the rate of 3 1/2% per annum. The notes provide that they shall be collaterally secured by the deposit of shares of the Capital Stock of The Consolidated Mining and Smelting Company of Canada, Limited, having a market value

at least equal to the principal amount of the indebtedness outstanding, and Consolidated Debenture Stock of your Company having a market value at least equal to 35% of the principal amount of the indebtedness. Your Company has the right, on giving 30 days' notice, to pay off in whole or in part the notes maturing within two years from the date of such notice. At the end of the year, there were on deposit as security for these notes 280,000 shares of the Capital Stock of The Consolidated Mining and Smelting Company of Canada, Limited, and \$8,000,000 principal amount of Consolidated Debenture Stock.

As a result of these financial transactions, there was a net reduction of \$3,988,938 in bonds, notes and other obligations and of \$2,790,000 in the contingent liability in respect of the Northern Alberta Railways Company.

### THE ROYAL TOUR

The visit to Canada during the year of His Majesty, King George VI, and His Gracious Consort, Queen Elizabeth, was an event of outstanding historical significance and proved to be without question the greatest single contribution to the unity of the Dominion since Confederation. Your Company was privileged to play an important role in the transportation arrangements of the Royal Tour. Their Majesties were carried across the Atlantic to Canada in the "Empress of Australia" and back in the "Empress of Britain". While in this country, the Royal Train, which was provided jointly by the Canadian National Railways and your Company, travelled 3,388 miles over your lines. Their Majesties broke their journey for two days at the Banff Springs Hotel, your Company's world-famous resort in the Canadian Rockies, and the journey from Vancouver to Victoria was made in the "Princess Marguerite" of your British Columbia Coast Service. The efficiency of your Company's organization was strikingly demonstrated in the successful accomplishment of this extensive journey.

### OUTBREAK OF WAR

The outbreak of war found your Company fully prepared to meet the increased demands upon its facilities and services. A few days earlier, your Chairman and President had conveyed to the Prime Minister of Canada an assurance that the resources of your Company were entirely at the disposal of the Dominion. It has since been the constant endeavour of your Directors and officers to co-operate with the Government authorities in every way possible, in order that in the various fields within which your Company's activities are carried on nothing should be left undone that would assist in making most effective the contribution of Canada towards the fulfilment of the great task that has been undertaken by the Empire and its loyal Allies.

### THE MINISTRY OF SHIPPING

The Chairman and President of your Company has been appointed as the representative in Canada of the British Ministry of Shipping. His functions are to supervise in Canada all ships registered in the United Kingdom, neutral ships chartered by the Ministry and prizes of war engaged in its services, and to deal with such other matters as may be delegated to him by the Minister. Your Directors have consented to his services being given to the Ministry of Shipping without cost to the latter.

### TRANSPORT CONTROLLER AND CANADIAN SHIPPING BOARD

Owing to the necessity for the closest co-operation between all transportation interests to prevent port congestion as a result of war conditions, the Dominion Government, by Orders-in-Council under the War Measures Act, has provided for the appointment by the Minister of Transport of a Transport Controller, and for the establishment of the Canadian Shipping Board.

The duty of the Transport Controller is to determine questions of priority in regard to the movement within Canada of troops, naval forces, materials and supplies, and to co-operate with the Canadian representative of the British Ministry of Shipping.

The functions of the Canadian Shipping Board are to control the transportation by sea from Canada in ships of Canadian registry of materials and supplies other than those consigned to the British and other Governments, and to co-operate with the Transport Controller.

Subject to the limitations referred to, the railway companies continue to exercise their full powers as carriers.

### CANADIAN PACIFIC PERSONNEL AND THE WAR

Officers and employees of your Company who volunteered for service during the Great War made a splendid contribution to the defence of the Empire. It is gratifying to note that in the present conflict the same spirit prevails among your Company's personnel.

The vital importance to the Allied cause of adequate and efficient transportation service is fully recognized, and this must be an essential duty of your Company. However, provision has been made for the granting of leave of absence to officers and employees who can be spared and who enlist with His Majesty's forces at home or abroad, to those who as members of the non-permanent defence forces are called for active service, and to those who respond to the call of their Allies.

Subject to prescribed conditions as to reporting back for duty after demobilization or discharge, the seniority, rank and continuity of service of such officers and employees will be preserved, and your Company will, at its own expense and on terms fixed by your Directors, allow as pensionable service the period during which any such officer or employee, who shall become eligible for pension allowance, shall be absent and engaged on active service.

In the United Kingdom and in Continental Europe, on account of the enforcement of compulsory military service, transportation and other corporations have accepted as a civic duty the obligation of making certain allowances to their officers and employees called to the colours, in addition to service pay and allowances. Your Directors have deemed it desirable, so far as officers and employees in the United Kingdom and France are concerned, to adopt a similar policy for such period as they shall determine in the light of conditions prevailing from time to time.

### CAPITAL EXPENDITURES

In anticipation of your confirmation, your Directors authorized for the year 1939 capital appropriations amounting to \$792,592 in addition to those approved at the last annual meeting. Your approval will be requested for capital appropriations of \$14,216,074 during the present year. The principal items are:

Replacement and enlargement of structures in permanent form	168,018
Additions and betterments to stations, freight sheds, coaling and watering facilities and engine houses	185,323
Ties, tie plates, rail anchors and miscellaneous roadway betterments	1,589,459
Replacement of rail in main and branch line tracks with heavier section	564,773
Rock ballasting	513,798
Additions and betterments to shop machinery	213,729
Additional terminal and side track accommodation	76,946
New rolling stock	10,053,690
Additions and betterments to rolling stock	514,190
Additions and betterments to hotels	23,244
Additions and betterments to communication facilities	255,947

### CANADIAN NATIONAL-CANADIAN PACIFIC ACT

In 1939, the Dominion Parliament amended the Canadian National-Canadian Pacific Act, 1933, to provide for compensation to employees dismissed or demoted as a result of co-operative projects instituted under that Act. This legislation is similar to the arrangement known as the Washington Agreement, entered into by nearly all United States railroads in 1936.

### CO-OPERATION WITH THE CANADIAN NATIONAL RAILWAYS

Further studies of co-operative projects under the provisions of the Canadian National-Canadian Pacific Act have continued to demonstrate the many obstacles to the attainment of worth-while economies under separate management. The only additional projects made effective during the year were (1) the abandonment of the Canadian Pacific line between Linwood and Listowel, Ontario, 16.5 miles, and (2) the opening on May 25, 1939, under joint management, of the new Hotel Vancouver. The Vice-Presidents' Joint Committee established in 1938 for the purpose of widening and expediting co-operative measures between the railways has continued its work during the year but no agreements were concluded in that period.

The total estimated annual savings from co-operative measures, exclusive of the Hotel Vancouver, which were in effect at the end of the year, amount to approximately \$1,148,000, one-half of which accrues to each Company, and the total estimated annual savings from projects approved but not yet in effect amount to approximately \$814,000, one-half of which would accrue to each Company. Included in the latter are proposed abandonments of 501.1 miles of line, for which applications are now before the Board of Transport Commissioners and which involve estimated annual net savings to the two railways of \$483,000. The lines of your Company included in this program extend between MacGregor and Varcoe, Manitoba, 54.4 miles; Hamiota and Miniota, Manitoba, 19.8 miles; Reston, Manitoba, and Wolseley, Saskatchewan, 122.4 miles; and Langdon and Beiseker, Alberta, 22.6 miles—a total of 219.6 miles.

### SPECIAL COMMITTEE OF THE SENATE, 1939

The Special Committee of the Senate of Canada appointed in 1938 to "Enquire into and Report upon the Best Means of Relieving the Country from its Extremely Serious Railway Condition and Financial Burden Consequent Thereof" was reappointed by resolution of March 7, 1939, with the same terms of reference.

This Committee heard additional evidence from labour representatives, various other interested parties and officers of the Canadian National and Canadian Pacific railways. Your officers dealt with the progress of co-operative measures under the Canadian National-Canadian Pacific Act of 1933. They also gave further details substantiating your Company's estimate of the savings that would accrue through unified management of the two railways and submitted an estimate of savings, amounting to \$59,361,000, on the basis of the traffic level of 1937.

Although a majority of the Committee joined in a report favouring further attempts at co-operation under the Canadian National-Canadian Pacific Act of 1933, the Senate, after debate and on division, agreed to an amendment of the report approving of the principle of unified management, which has been consistently advocated by your Company.

Your Directors again desire to express their appreciation of the loyalty and efficiency of the officers and employees of your Company.

For the Directors,

E. W. BEATTY

MONTREAL, March 11, 1940.

President



# THE BOOKSHELF

CONDUCTED BY HAROLD F. SUTTON

## "A Contrivance of Mirrors"

BY MARY LOWREY ROSS

A SMATTERING OF IGNORANCE, by Oscar Levant. McClelland & Stewart. \$2.00.

AT ONE point in "A Smattering of Ignorance" Oscar Levant describes a self-portrait painted by George Gershwin which the artist modelled by a contrivance of mirrors. . . "the painting gave the illusion of four Gershwins instead of one. In addition the face conveyed the impression that Gershwin was covertly looking at himself out of the corner of his eye as he painted."

It sounds just as good a description if you apply it to Oscar Levant painting a portrait of himself in "A Smattering of Ignorance." Except that there are at least a dozen Oscars here, with Oscar himself keeping a watchful skeptical eye on all of them.

There is Oscar the serious musician, and Oscar the twenty-four-hour conversationalist. Oscar the iconoclast and Oscar the jealous worshipper; Oscar truculent and Oscar amiable. Oscar telling a good story on a friend and Oscar telling a good story with equal relish on himself. Oscar brash and Oscar (occasionally)

the most extraordinary. It is written with the oddest possible combination of affection, honesty, levity and regret. Mr. Levant obviously abhors the elegiac style and it is proof of his integrity that he is least capable of applying it to the man he admired most in America.

There is a final chapter, "The Boys are Marching," a survey of contemporary American music and its composers, and a brief postscript, "Con Sordine" which explains how "A Smattering of Ignorance" came to be written.

It was written apparently because publishers came to Mr. Levant after hearing him on the "Information Please" radio program and pressed large advance royalty cheques into his hand. The chances are that with the overwhelming success of the present volume the cheques will be still more persuasive and the pressure more irresistible. Mr. Levant, who admits that he took up writing rather ruefully, may find that all the people he has delighted, as well as the innumerable ones he has offended will make it impossible for him to discontinue it. The Oscar legend, so brilliantly inaugurated, will have to be fed. And no one can feed it better than Oscar himself.



ANGNA ENTERS, author of "Love Possessed Juana".

Aragon, and wife of the Archduke Philip of Austria, "Philip the Fair." His early death at 28 unsettled her reason though it did not destroy it, in the view of Miss Enters. She was the direct ancestress of all the princes of Austria and Spain who in our own time have met with grievous misfortunes, as though the curse which lay upon her and her sister had been passed on to succeeding generations. The stigma of madness which result in her being kept prisoner for more than half her life was fastened on her by the bigots of the Inquisition, which she opposed. What she suffered at their hands led her to sympathize with the rising of the Comuneros against her own son Emperor Charles V. Except that Charles shrank from matricide she would have been executed. The play with its preface is intensely interesting to those who love history, but whether it would succeed on the stage is another question.

## Unhappy Queen

BY HECTOR CHARLESWORTH

LOVE POSSESSED JUANA, a Play in Inquisition Spain. By Angna Enters. Twice-a-Year Press. New York. \$2.50.

IN THIS work Angna Enters gives a fresh proof of her prodigious versatility. Audiences all over America know her as the most wonderful of mimes, and also the most scholarly and aesthetic. Her standing as a water colorist is also high; and in "Love Possessed Juana" she comes forward as an historical dramatist and musical composer in a pageant play dealing with Spain in the first two decades of the 16th century, when the Inquisition was at the height of its power. She provides not only the text but has composed incidental music, and architectural drawings for stage sets.

Those who have read her book, "First Personal Plural," are aware of her intimate knowledge of Spain where she lived for lengthy periods prior to the recent civil war. During her last visit in 1935 when this play was written, she foretold in a letter to her American managers the revolution which began in 1936. Her foresight colored the last act of this drama which deals with the "War of the Comuneros" against Emperor Charles V in 1520, over issues not unlike those of the recent war.

Her heroine is the "Mad Queen" Juana, or Joanna, as she is better known, daughter of Ferdinand and Isabella, Queen of Castile in her own right, elder sister of Henry the Eighth's unhappy Queen, Catherine of

Mr. Middleton, a roaring—though lovable—domestic tyrant with feet of clay, emotionally speaking, leans heavily on his loyal and quietly charming wife. How she survived his conversational monologues is a marvel; we did not.

His junior partner, Mr. Cameron, a late Victorian, boasted of never having seen anyone he wanted to marry, and hoped he never would, his blood having been curdled in early life by two aunts and a governess. Shortly after this ungallant speech he fell in love with two ladies at once. What he did about it you must find out for yourself.

Let no man think that because Miss Starter subsisted largely on bran and Kornog bread she was any mental weakling. Twice she publicly confounded Betty Deane who, having won a First at Oxford, and studied Memory Fixations at Cincinnati, did not hide her light under a bushel. By way of pulverizing the supposedly orthodox Miss Starter, Betty said superciliously that she had been an agnostic since she was sixteen and could not take any interest in creeds which simply atrophied the intellect.

"Isn't it interesting," said Miss Starter mildly, "to find that young people are still agnostics. I thought that had quite gone out. My grandfather was an agnostic; he was a great friend of Huxley and in many ways one of the most deeply religious men I have ever known. I must lend you a little book of his, Miss Deane, 'Essays in Anglican Agnosticism,' you would like it. We were all brought up agnostics and of course one's early training counts for so much. . ."

Later when Betty's approaching marriage was mentioned: "And where will you be married?" enquired Miss Starter.

"Oh, somewhere," said Betty. "Marriage is doomed as an institution of course, but one might as well please one's parents. St. Margaret's, I suppose."

"It makes me feel quite young to hear you say that," said Miss Starter. "My dear father did not believe in marriage at all, which was quite advanced to hear you young people still holding those views. He was married three times, first at St. George's, Hanover Square, then at St. Peter's, Eaton Square, and finally to please my dear Mother, at St. Jude's, in Collingham Road. . ."

Romance weaves back and forth between Laverings, The White House and Staple park. One smilingly surmises what novelists of the passionate school would have made of the incompatibilities and attractions in these households—a perfectly good divorce or two, no doubt. But Mrs. Thirkell has another and, as her foreword hints, happier solution:

" . . . Le temps adoucir les choses. Et tous deux vous aurez des roses Plus que vous n'en saurez cueillir. . ."

## Calculating Man

BY MARY DALE MUIR

THE GREEN TREE AND THE DRY, by Morchard Bishop. Jonathan Cape. \$2.50.

IF IT is a rare man who fourteen years later sits down to read the letters of an almost forgotten love affair, it would seem to be a rare author who deliberately and clearly

in his preface tells the reader on what his story is based. The procedure has much to commend it. Its very novelty appeals to the reader. It immediately elevates him in his own estimation as a critic. He is on the alert to see if the author makes his characters perform convincingly in the working out of his idea.

Morchard Bishop not only follows this method in "The Green Tree and the Dry" but he writes a very readable preface as well. Besides being capable of perusing love letters so long dead the hero performs this feat almost on the eve of his wedding. This is not the only remarkable trait in Stephen Ellis' character. Very early in his career he realizes the boredom of the routine in an insurance office and the inadequacy of the salary to his desired mode of living. With remarkable forethought and, without any violent inclination for writing, he decides to insure comfort for the rest of his life by writing a best seller. Coolly and casually he surveys the field of literature and decides on a play as most likely to bring about this end. Having achieved the desired success financially through—the author does not for a moment mislead the reader—a fortunate combination of circumstances, he, equally remarkably, never makes another serious attempt to conquer the literary field.

"The Green Tree and the Dry" is a psychological study of the reactions of a man, in the light of his previous and more satisfying emotional experiences, about to commit a marriage of convenience with a young and beautiful woman of good connections. Though the fundamental conception is perhaps slight, correct timing of events makes of it a closely knit story that proceeds through the developing relationship of Stephen and Esme, and the memories aroused by the re-reading of 14-year-old letters, to a logically inevitable conclusion. In "The Green Tree and the Dry" Mr. Bishop presents a satisfying and convincing piece of writing. The scene shifts pleasantly from the slower tempo of the English countryside to the hurry of life in London. A few choice characters such as Mrs. Reddaway and Mr. Glanville in the setting of Little Kilver are thrown in for good measure.

## The Crime Calendar

BY J. V. McAREE

WE ARE glad to pay Eerie Stanley Gardner the compliment of saying that no crime stories which come to our desk are read with so much interest as his. It is because they are invariably exciting and fast moving. He has written sixteen in the Perry Mason series and not a dud among them. His latest, "The Case of the Baited Hook" (McClelland and Stewart, \$2.25) seems to us to be about as good as any, though it lacks the usual court room scene. There is sufficient blood and mystery with Mason always on the verge of breaking the law and getting himself in serious trouble, and the plot is masked to the end. . . We have come across Ngaio Marsh's "A Man Lay Dead," in a Penguin (Collins, 20c). It is a reprint, of course, but we missed it in its first printing. It shows Miss Marsh to be one of the most competent writers now producing crime fiction.

Her detective, Inspector Alleyn, is an entirely credible Scotland Yard official without mannerisms and the possessor of a first class intelligence. It is true that there is a Russian secret society in the book, but, after all, we suppose that actually there are, or have been, branches of Russian secret societies in England, and if so they have undoubtedly become involved with the police. The tale is much better than average though lacking the unusual quality of "Overture to Death" which was the author's 1930 contribution. . . It is time you got acquainted with the work of Georges Simenon, the young French literary prodigy. Though he is only 30 he is said to have written already more than 150 stories, using a score or so of pseudonyms, and is being read in half the languages of Europe. He comes to English readers now in two volumes, each containing two full-length detective stories—"The Patience of Maigret" and "Maigret Travels South" (Mussion, \$2.25). The detective is said to be closely patterned upon one of the greatest living French crime investigators. He is pleasantly free from eccentricities and seems to have been sharply observed by M. Simenon who is his intimate. So far as we have read, the Simenon stories promise to be a welcome ad-



SINCLAIR LEWIS, author of "Bethel Merriday." (See "Book of the Week")

dition to this kind of literature and since they appear to have established a tremendous reputation we call attention to the books, even though we have not read enough to come to a final conclusion about Simenon's merits. . . If on one of the popular quiz radio programs the question were asked "What notable street address is 221B?" we suppose there would be many correct answers. It is the house made famous in Baker Street, London, where Sherlock Holmes lived, and though the address is itself apocryphal, every year thousands of visitors to London ask to be taken to see it. "221B," published by Macmillan at \$2.25, is the work of half a dozen contributors under the editorship of Vincent Starrett, and all deal with some phase, mostly fanciful of course, of Holmes' career. The humor throughout is charming, especially the article by Mr. Christopher Morley, and we should say it is an indispensable addition to the library of all Sherlock Holmes' fans.

## BOOK OF THE WEEK

## A Different Sinclair Lewis

BY W. S. MILNE

BETHEL MERRIDAY, by Sinclair Lewis. McClelland and Stewart. \$2.50.

THERE is probably no profession in the world, no world in the world, more full of romance than the world of the theatre. No novel, play or film with a stage background, if reasonably well put together, can fail to be good reading. When as competent a craftsman as Mr. Sinclair Lewis takes the theatre as his theme, one can expect a delightful book. And "Bethel Merriday" is just that. It is stock stuff, of course; all about the stage-struck girl from a small town who is always imitating people, and then stars in the college play, and attends a summer school of the theatre, and goes to Broadway, and almost starves — although Beth had a twenty-five dollar allowance a week — and then a bit part, with a chance to understudy in a road show, and the trials and tribulations of one-night stands, and at length the great chance, when Juliet was ill, and the understudy went on. Mr. Lewis makes a radical departure here. Beth flops. By the end of the book, she is a regular trouper, however, and starting rehearsals in a new play on Broadway. Nevertheless, I think there is the breath of life in it, and the picture is painted with all Mr. Lewis's customary regard for accurate detail. It is becoming the custom for critics now to sneer at Mr. Lewis's technique as "documentary," with the implication that anybody can put a book together if he goes to the trouble of amassing a great deal of first-hand information about some profession or business or society, and that a book so constructed is less praiseworthy and less artistic than one created godlike out of airy nothing. I have ma doubts.

Of course, Mr. Lewis has not made the book out of this that he might have made. It is only mildly satirical, and that in detail, rather than in mass. There is no clinical diagnosis of that fabulous invalid, the American theatre. He gives only passing mention to the Group Theatre and the Federal Theatre Projects. He has no theories on what is wrong with the road, and the shortcomings of Equity. The killing of the goose that lays the golden eggs by the stage-hands' and musicians' unions is not touched upon. He makes no comment on the fact that his heroine gets a job in "Romeo and Juliet" instead of something by Maxwell Anderson or Eugene O'Neill. In other words, Mr. Lewis has not done for the theatre what he attempted to do for Main Street and Rotary and the Medical profession and the box-office evangelist. All the same, Mr. Lewis has given us a delightful novel, with the feel of that romantic terrain reached through the stage door in every page, and I, as a lover of the theatre, am grateful.

There are many excellent character-sketches throughout the book. Some of them might have been extended. Johnny Meddock, the caretaker of the summer theatre at Point Grampian, Conn., deserved to be made more of, for example. The members of the road company are all well done. Perhaps the love affairs of Beth are a bit boring, and perhaps Beth herself is presented in a somewhat two-dimensional fashion. But Beth is not the heroine of the book. The heroine is a lady with a glamorous and not too respectable past, although she is now officially respectable since it is rumored she has fallen on evil days. Or perhaps she has fallen on evil days since the word got about that she was respectable. At any rate she is a lady with whom Mr. Lewis himself has fallen in love. She is the American theatre.

## CANADIAN PACIFIC RAILWAY COMPANY

General Balance Sheet, December 31st, 1939

### ASSETS

PROPERTY INVESTMENT:  
Railway, Rolling Stock, Inland Steamships, Hotel, Communication and Miscellaneous Properties \$792,330,598.36  
Improvements on Leased Railway Property 95,809,809.78  
Ocean and Coastal Steamships 104,840,546.17  
Stocks, Bonds and Other Securities of Leased, Controlled and Jointly Controlled Railway Companies and Wholly Owned Companies 199,317,035.74

OTHER INVESTMENTS:  
Miscellaneous Investments—Cost \$25,850,609.97  
Advances to Controlled and Other Companies 26,098,524.95  
Mortgages Collectible and Loans & Advances to Settlers 3,670,311.49  
Insurance Fund Investments 8,262,431.33  
Deferred Payments on Lands and Townsites 33,764,803.96  
Unsold Lands and Other Properties 26,526,045.00

CURRENT ASSETS:  
Material and Supplies \$19,389,496.53  
Agents' and Conductors' Balances 6,695,339.46  
Miscellaneous Accounts Receivable 5,120,664.07  
Cash 31,809,398.21

UNADJUSTED DEBITS:  
Insurance Prepaid \$108,833.07  
Unamortized Discount on Bonds 2,789,289.82  
Other Unadjusted Debits 2,478,115.76

### LIABILITIES

CAPITAL STOCK:  
Ordinary Stock \$335,000,000.00  
Preference Stock—4% Non-cumulative 137,256,921.12 \$ 472,256,921.12  
PERPETUAL 4% CONSOLIDATED DEBENTURE STOCK \$501,318,628.74  
LESS: Pledged as collateral to bonds, notes and equipment obligations 205,880,400.00 295,438,228.74  
BONDS, NOTES AND EQUIPMENT OBLIGATIONS \$218,649,176.54  
LESS: Securities and cash deposited with Trustee of 5% Equipment Trust 9,496,050.45 209,153,126.09  
TWENTY YEAR 4½% SINKING FUND SECURED NOTE CERTIFICATES (1944) \$30,000,000.00  
LESS: Purchased by Trustee and cancelled 10,742,400.00 19,257,600.00  
CURRENT LIABILITIES:  
Audited Vouchers \$5,496,275.86  
Pay Rolls 2,889,275.87  
Net Traffic Balances 226,986.21  
Miscellaneous Accounts Payable 2,949,928.24  
Accrued Fixed Charges and Guaranteed Interest 2,710,139.25 14,272,605.43  
DEFERRED LIABILITIES:  
Dominion Government Unemployment Relief \$3,639,102.71  
Miscellaneous 1,592,194.87 5,231,297.58  
RESERVES AND UNADJUSTED CREDITS:  
Rolling Stock Reserve \$8,232,241.09  
Hotel Depreciation Reserve 5,715,045.42  
Steamship Depreciation Reserve 51,731,389.56  
Investment Reserves 10,463,527.24  
Insurance Reserve 8,262,431.33  
Contingent Reserves 5,165,039.17  
Unadjusted Credits 2,313,423.55 91,883,097.36  
PREMIUM ON CAPITAL AND DEBENTURE STOCK 68,551,646.45  
LAND SURPLUS 67,454,828.04  
PROFIT AND LOSS BALANCE 141,353,502.86 \$1,384,852,853.67

E. A. LESLIE,

Comptroller.

AUDITORS' CERTIFICATE:

We have examined the Books and Records of the Canadian Pacific Railway Company for the year ending December 31, 1939, and having compared the above Balance Sheet and related schedules therewith, we certify that in our opinion it is properly drawn up so as to show the true financial position of the Company at that date, and that the Income and Profit and Loss Accounts correctly set forth the result of the year's operations.

PRICE, WATERHOUSE & CO.,  
Chartered Accountants.

Montreal, March 8, 1940.

NOTE—Particulars of securities held for account of the Company, of obligations of the Company in respect of the principal of securities of other companies owning railway lines operated under lease, and of contingent liabilities of the Company are set out in the accompanying schedules.

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23,244  
255,947

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President



## BANKS facilitate the nation's business

### » » industry

Canada's greatness as an industrial nation is made possible through the modest savings of thousands of her citizens—savings that are mobilized by the banks and in turn extended to industry in the form of Bank Loans for essential purposes.

Thus, ready cash is made available to meet pay rolls, to pay for raw materials, to finance marketing and for other normal industrial needs.

Thrift, translated into Bank Loans, promotes progress.

## THE ROYAL BANK OF CANADA

# LONDON LETTER

## Great Houses Disappear

BY P.O'D.

March 4th, 1940.

ONE by one the great houses of the West End are disappearing, or being left vacant—probably only a first step towards their disappearance. Londonderry House is the latest to be closed up, the famous mansion in Park Lane which was a sort of social headquarters for the Conservative Party.

It was there that the great political receptions used to be held—in the days before Stanley Baldwin put a chill into the gay business by pushing Lord Londonderry out of the Cabinet. Funny the way people used to get excited over little things like that!

Lord Londonderry is one of the richest of British peers, but he says he is closing Londonderry House because he can't afford to keep it open. After this, when he comes to London, he intends to stay at a hotel. They may soak him—and probably will—but it will be nothing apparently to the cost of keeping Londonderry House open.

Rates are one of the forms of expense to which he chiefly objects. Most people do—perhaps because it is the local authorities that levy them. This makes it seem a more personal imposition. The income-tax, in comparison, is like an act of God. You might as well object to the weather.

Anyway, Lord Londonderry objects to the rates. And it must be admitted that on such a house as his they are pretty stiff—about £5,000 a year at present. And likely to be a good deal higher soon. Municipal authorities are having a hard time—greatly increased expenses, and fewer people to foot the bill. And a good many of those not able to pay.

Empty houses, of course, pay no rates. But they must be really empty. Lord Londonderry has had to move

everything out—including a marble group of Theseus and the Minotaur by Canova, that stood in the great hall. He claimed it was a fixture.

It does really seem that four tons of marble might be so described, but the authorities decided otherwise. They said it was furniture, and it had to go—at a cost of about £250, though it was only going around the corner. That ought to earn the people that like their statues big and heavy. Epstein's "Adam," for instance.

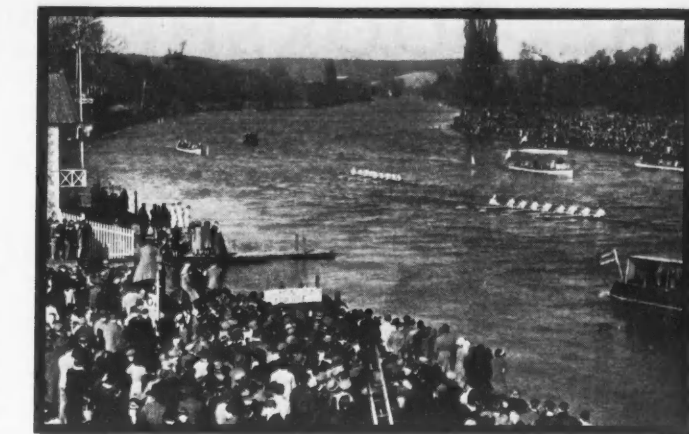
### The Boat Race

For 111 years the stalwart lads of Oxford have taken out an eight-oared boat on some Saturday afternoon in March, and raced it against a similar boat taken out by the stalwart lads of Cambridge. It is not just a boat race, it is The Boat Race—with the accent on the "The." And all in capitals.

Obviously a national institution of that sort could not be allowed to lapse just because there is a war on. Herr Hitler has been able to stop a good many things, but this he could not stop. The Boat Race was held on Saturday afternoon last, and, as usual, Cambridge won. But that, alas, was the only usual feature about it.

The Race was held this year at Henley over the Regatta course—a mere mile and a half, instead of the four miles and a quarter at London from Putney to Mortlake. And instead of the usual million of spectators swarming over the river banks, there were only about 100,000 or so. But it was at Henley that the race was first held back in 1829, so there is some historic justification for holding it there again.

Besides, with the scant amount of training the oarsmen were able to



THE BOAT RACE GOES ON. Despite the war Oxford and Cambridge met at Henley in their annual duel. Cambridge won, as the photograph shows.

get this year, it is likely that a mile and a half seemed to them quite long enough. In any case, there was nothing indecisive about the result—five full lengths!

What it would have been at Mortlake on the regular course, Oxford supporters probably shudder to think. But perhaps they console themselves with the self-righteous reflection that Oxford is concentrating on the war more than Cambridge is. You can always find some excuse.

### Unique Musical Genius

With modern music going more and more modern—audiences and musicians and instruments and all—there is something quite unique about the career of Arnold Dolmetsch. Here was a man who made up his mind some fifty years ago that true musical progress had ceased with the death of Bach, and he devoted the rest of his long life to proving it.

Naturally he didn't prove it—no one could—but he made out a wonderfully good case for the old stuff, and in so doing, "opened the door to a forgotten treasure-house of beauty," as an eminent critic put it. Especially did he reveal to English music-lovers the charm and skill of their own early composers.

Probably a good many other old-fashioned musicians have had a similar idea to Dolmetsch's about the superiority of the old music to the new, and have made efforts to revive it. But Dolmetsch had another idea, and that was the real secret of his success. His idea was that the only way to appreciate the old music was to hear it played, as its composers in-

### PERENNIAL

I SAID: love has not prospered there I will uproot it in an hour. Why should I squander further care Upon this puny, fragile flower?

But when I braced my foot upon The unresponsive spade, I found How deep the slender roots had gone Possessively into the ground.

MAY RICHSTONE.

tended, on the old instruments—spinets and harpsichords, virginals and recorders and lutes. How lovely even the names are!

But where to find such instruments? Beyond a few dried out and useless specimens in antique shops, they were as extinct as the dodo. This would have stumped most revivalists, but Dolmetsch as a boy in France had learned piano-making in his father's workshop. And one of his grandfathers was an organ-builder. He could not only play the old instruments, but he could make them—and did. One must go back to the early Italians for such a combination of artist and craftsman.

Success was a long time coming, but it came at last. As long ago as 1889, when he was a music-master at Dulwich College in London, he had decided to devote himself to the revival of early music. But it was not until after the Great War that he became famous. He settled at Haslemere among the Surrey hills, and there last week he died at the age of eighty-two, happy and busy to the very end. He was a brilliant and original genius, and he had a beautiful life.

### The Foxes Have Fun

War may be a horrible experience for human beings, but it is great fun for the creatures of the wild. There is hardly anyone left to harry them. Just now the foxes and pheasants and deer of England are having the time of their lives. So too are the fish, no doubt, though it is difficult to think of a fish as rejoicing at anything.

This year the season for pheasant-shooting was extended a full month, in order to give what sportsmen are left a further chance to thin down the flocks of those beautiful but somewhat voracious game-birds. But I don't imagine that it has made much difference. Most of the people who shoot are shooting at much larger game. And so, as one walks about the countryside, one sees pheasants darting in and out among the bushes with the most complete unconcern. They know they're safe.

The foxes too are deeply in Herr Hitler's debt. He has done a lot for them, though the hard winter has also deserved a full measure of their gratitude. So foxes are plentiful and fat and saucy. But they had better not be too bumptious and greedy about it, or the farmers, driven desperate by their depredations, may have recourse to the horrid expedient of shooting them. And a rifle doesn't

give a fox much chance. He may hope to diddle a pack of hounds, but there is no dithering a bullet—if the man with the rifle knows his business.

Some such fate has been overtaking the wild deer. There is a herd of them in Ashdown Forest, just south of London. They have been getting out of hand, invading the neighboring farms and gobbling up the crops that are just starting to push up through the thawed ground.

Last week a regular battue was organized by farmers and game-keepers and sportsmen of the district, and a number of the deer were shot—thus adding very pleasantly to the local meat-ration.

No doubt, much the same sort of thing is happening in other parts of the country. But, on the whole, the furred and feathered creatures are having an easy and pleasant time of it. So far as they are concerned, it is a good war.

### A Repentant Sinner

We are assured, on authority that I would be the last man in the world to question, that there is more joy in Heaven over the repentance of one sinner than over the persistence in virtue of ninety-nine just men. No doubt, something of the same feeling thrills the Royal Academy today. A sinner has returned to the fold—no less a sinner than Augustus John. Last week he was re-elected a Member.

Nearly two years ago, at the time of the Annual Show, John abruptly resigned from the R.A. as a protest against the rejection of Wyndham Lewis's portrait of T. S. Eliot, the poet and critic. He did, it is true, soften the blow a little by saying that he resigned with reluctance, but he insisted that the rejection of the painting was "an inept act on the part of the Academy." And "inept" is not a kindly word—not to Academic ears.

As a matter of fact, a good many people wondered why the portrait was thrown out—especially when they considered a lot of the stuff that got in. There was a general suspicion that official hostility to Mr. Lewis, who is a very fiery and outspoken person, had a lot to do with it. However that may be, Augustus John got out and stayed out—as did three or four others.

In the old days he would have been left out in the wilderness—though a very comfortable and fruitful wilderness, so far as he is concerned. But the Academy has mellowed a lot in recent years. So, too, has Mr. John perhaps. Besides, that very shrewd and genial person, Sir Edwin Lutyens, the President, has probably had a good deal to do with the reconciliation. Anyway, the rebel has returned, the pipe of peace has been smoked, and all past disagreements have been forgotten. Very sensible, too! This is no time for private wars.

### Diabetics Up in Arms

Now that meat is about to be rationed, the Diabetic Association has been getting busy. Incidentally, diabetes is surely the only disease that has a special association of its own—a quite important association, too, with Mr. H. G. Wells as its president, and Sir Hugh Walpole as one of its most active members. They may be trusted to urge the claims of the members very forcibly and in the right quarters.

What the diabetics want is to give up their sugar ration—it is about as useful to them as so much poison—and get more meat. Quite a simple matter, you might think, but not so simple when you are dealing with the official mind. The official mind has an instinctive dislike of special cases. They mean more work.

The diabetics, however, are likely to have their way. There are said to be about 150,000 of them—not forgetting Mr. Wells and Sir Hugh. Already questions have been asked in the House, and a lot of extremely energetic lobbying is going on. Besides, their demand seems only reasonable. It will, no doubt, be granted—even if the gentlemen in the Food Control have to get out a lot of special cards for them.

As a matter of fact, there are sufferers from other diseases who will also have to be considered. Not long ago the Medical Research Council appointed a special committee to deal with the problem of rations for invalids. But the diabetics are not waiting for that. They believe in helping themselves. Perhaps they don't regard themselves as invalids. Indeed, Mr. Wells has gone on record in describing diabetes as an "exhilarating" complaint. There must be something in it—certainly so far as he is concerned.

## The spring buds always have burgeoned

THERE'S no reason to expect that at this late date Mother Nature will abandon her old, old habit of having one season follow another.

So one of these days the snows will vanish, the slush will disappear, buds will put forth on bare branches—and in your veins will stir the desire to get out and go places.

Now the really foresighted motorist will do something about that.

He'll take steps now, so that with the first flaunting yellow of the forsythia, he'll swing open his garage doors and step out to meet the Springtime in a quick-paced, quiet-rolling McLaughlin-Buick.

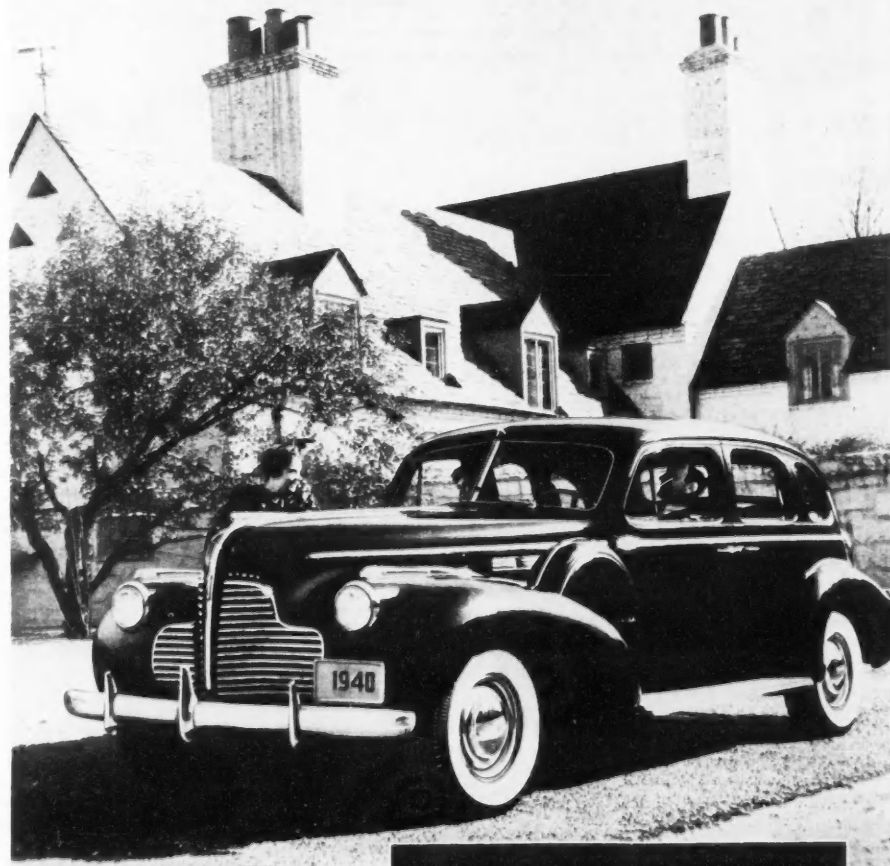
He'll skim down the highway behind a mighty Dynaflex engine so smoothly paced his wrist watch will have more vibration, ounce for ounce. He'll sail over roads still rough with Winter's damage, and Buick's Knee-Action and the soft spirals of Buick Coil Springing will soak up every jounce and bobble.

He'll step on it, maybe, and out-race the birds, he'll loaf along smooth-gaited as a schooled hunter, he'll travel gay and frisky as a colt, and he'll always have a car ready to match any mood.

Size? Room? Comfort? You'll find this lithe and lovely McLaughlin-Buick provides them all—it's a car to make you bubble over as far as the richness and taste and luxurious quality of its fittings go.

But what will get you, for certain, is that here's a car to do you proud, that lets you freely indulge your yen for action.

So just to be set, better see your McLaughlin-Buick dealer now about a trial ride—and prices.



Illustrated above is the 141 horsepower McLaughlin-Buick LIMITED Sedan.



Illustrated above is the McLaughlin-Buick SPECIAL Business Coupe.

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SATURDAY NIGHT, TORONTO, CANADA, MARCH 30, 1940

P. M. Richards,  
Financial Editor

## Why the Gold Stocks Have Been Low

BY PAUL CARLISS

A recent issue of SATURDAY NIGHT featured the Canadian Gold Mining Industry and included several special articles which discussed in detail various phases of the gold 'problem' now arousing so much world-wide interest and concern.

In the accompanying article Mr. Carliss, who has frequently interpreted for SATURDAY NIGHT readers the significance of current events from the standpoint of the average investor, again endeavours to find an answer to the question being asked so frequently to-day—"What is the Matter with the Golds?"

AN EVEN greater 'gold scare' than the one which hit the market in the spring of 1937—or again when the war broke out last September—has cast a pall of gloom over the mining market. Last week, the Dominion Bureau of Statistics index of 22 gold mining stocks reached a low of 95—as shown by the chart on page 13. This compares with the record high of nearly 140 reached early in 1937, and is the lowest level to which the index has fallen since 1933 when the price of gold was increased from \$20.67 to \$35.00 an ounce.

A chart of the price range of the junior golds and 'prospects' would no doubt show an even greater decline. In fact, as one broker so aptly remarked a few days ago—"a gold brick wouldn't bring 50 cents on the dollar on the Stock Exchange today."

At the root of this shaken confidence in gold stocks is the fear that gold itself is in some way losing prestige—the dread that some day gold might no longer be worth \$38 an ounce or \$35 an ounce—or even \$20 an ounce. The piling up of gold in the United States to the tune of \$18 billion—as compared with only \$4 billion in 1933—lends color to the suspicion that gold has lost its usefulness.

### Future of Gold

This question of the future of the gold standard—or rather the remnants of it which still exist—was reviewed at length in the recent Gold Mining Supplement by SATURDAY NIGHT, so that it is not necessary to discuss the many sound reasons which exist for the conviction that gold is not going to fade out of the picture as a medium of international exchange. Nevertheless one or two observations on this point may be useful.

We all know by now that gold has been used as money since 2100 B.C. and that it has served as the basis for a 'gold standard' in England for something like 570 years. Its price has frequently changed—an average rise of about \$5 per ounce each 200 years has taken place—and the mechanics of the standard have been altered from time to time to meet new conditions; but even today, with managed currencies the vogue in every important country, gold is still as essential as ever in settling international balances.

### Unwarranted Fears

The fear that gold might be demonetized has no real basis, since not a single leading economist suggests that this should or might happen. The credence which is accorded this notion whenever the gold standard fails to work smoothly is no doubt due to a general misunderstanding of the function of gold as a medium of international exchange.

It seems to be the general impression, for example, that the United States government is the only one in the world buying gold at \$35 an ounce and that all the rest of the world is selling its gold to the "gullible" Americans as fast as it can be produced. This gold is then buried in the Kentucky vaults and is about as much use to the United States—or anyone else—as an equivalent pile of old boots. Sooner or later (and sooner if the Republicans win the election) it will dawn on the Americans that they are paying out good merchandise for a lot of nice looking gold which no longer is of any value since everyone else will have abandoned gold as money. The gold bubble will then break and all our gold mines might as well fold up. So runs the popular half-baked conception of the gold 'problem'.

### The Flow to U.S.

Happily for Canada the situation is not nearly as 'desperate' as the blue ruin prognosticators would have us believe. We should not blind ourselves to certain weaknesses which undoubtedly exist in our economic structure today and which are potentially dangerous to our gold mining industry—and as a consequence to the prosperity of our country; but let us banish the many false notions which are so prevalent and face the facts fairly and squarely.

In the first place the concentration of gold in the United States is not the result of that country paying more

for it than all other countries—the price is the same, having regard to the exchange differentials, as in Canada or in England; but the flow of gold to New York and Washington is due to the greater demand for American dollars in the exchange markets of the world than the supply. Gold is transferred to the United States to make up the deficiency.

We do not need to analyze the reasons for this abnormal demand—the favorable trade balance of the United States, the flight of capital to American shores and, now, the increasing war purchases of American airplanes and other war materials. These are already familiar to SATURDAY NIGHT readers; but it is important to understand the factors which are responsible for the movement of gold from one country to another.

### Demand Will Continue

In 1934 Congress of the United States authorized the President to devalue the dollar to between 40 and 50 per cent of its former gold value. President Roosevelt fixed the gold content of the dollar at 13.71 grains which compared with 23.22 grains in the former dollar—a reduction of 40.94 per cent. As a result, 35 American dollars were required to purchase an ounce of gold in place of \$20.67 previously. In the same way the other currencies of the world were given an arbitrary value in relation to gold—and in order that their relationships to gold and to one another be maintained gold must from time to time be shipped from one country to another to smooth out the inequality of supply and demand.

Now, and for as long as the war lasts, the demand for American dollars will continue at a high level and gold will flow to the United States. Is this, in itself, the catastrophe which we are told it is? After all gold is something like mercury in a thermometer—it reflects the condition of the weather—or the health of a patient. You don't blame the mercury if the patient's temperature reads 104! The cause of the malady is to be found elsewhere.

### Gold Not at Fault

And so it is with the gold problem today; we waste our time if we think of gold as having a finger in our misfortunes—the root of our trouble lies in our inability to solve our economic ills, which of course cannot be done unless all nations are prepared to sit down together and work out, in a spirit of co-operation, a constructive plan for greater freedom of world trade and increased international capital investment. Continued isolationism and totalitarianism will inevitably lead to a chaotic condition and then we may find that there is no longer any point in having a thermometer at all since the condition of the patient is beyond assistance.

We must however face realities—not imaginary propositions which may never occur. We must come back to the practical problem of what is the next step in this gold dilemma—for most assuredly it may be called a dilemma as far as finding any cure to the present trend toward concentration in one country is concerned.

If this trend continues, if the United States in another year or so finds itself with more and more gold—what may we expect to happen? Will the price fall? Can the United States suddenly stop buying gold? What other alternatives exist? There are several; shall we discuss each in turn?

#### I. The Possibility of the United States Refusing to Buy Gold.

The repeated assurances of Secretary of the Treasury Henry Morgenthau Jr. that "there is, under the existing circumstances, no acceptable alternative to the policy we have been pursuing" and that "in the case of all the proposals we have examined the remedy has always been worse than the disease," show clearly where the present Administration in Washington stands. If the Federal Reserve Banks no longer made American dollars available in return for gold—at some set price—purchases of American goods would shrink and the effect on American business would be depressing. The solution of the problem does not appear to lie in abandoning gold but in discovering an accept-



APRIL FOOL CIGAR, OR THE REAL THING?

able plan for increasing American purchases abroad—that is, of altering the American economy to fit that of a creditor nation such as England has been for generations and which the United States, willingly or not, has become.

#### II. The Possibility of a Lower Price for Gold.

At first glance this would appear to hold the key to the situation. If there is such a demand for American dollars, why not raise their value in terms of gold and other currencies by reducing the number of dollars that will be exchanged for an ounce of gold? Instead of giving 35 dollars for an ounce as at present why not give 30 dollars—or 25 dollars? If, as many economists hold, President Roosevelt made the American dollar too cheap when he raised the price of gold to \$35 an ounce, now the damage should be undone by making the dollar 'dearer'.

The real problem here is a psychological one. If a reduction in the price

of gold of, say, \$3 per ounce was effected, a rush to send gold to the United States might follow to obtain as many dollars as possible before a further reduction should take place. If the change in price was made without warning and accompanied by a statement to the effect that no further reduction was contemplated the purpose of slowing up the inflow of gold might be achieved. Unfortunately a sudden change downward in the price of gold is impossible since the President has not the power to lower the gold price of the dollar without the consent of Congress. A practical difficulty thus presents itself since open discussion of a lower gold price would defeat the very purpose for which it was designed.

#### III. Possibility of Tax or Increased Service Charge on Incoming Gold.

A result similar to that which might be expected through a reduction in the price of gold could possibly be brought about by imposing an import

(Continued on Page 13)

## Stock Market Headed for Higher Level?

BY WILLIAM WESTON

Last week, under the title "Is Business Wrong, or the Market?", we published an article by Mr. Hall Knight which commented on the divergent trends of business and the stock market, and suggested that the weight of evidence favors a market advance.

In this article Mr. William Weston says that appraisal of security values and prospects today must have regard for the increased proportion of profits taken by taxation, the temporary nature of war contracts, and the generally artificial state of business brought about by war controls.

These considerations, he says, do not deny the basic argument that stock prices are unduly low, but they do suggest that the business-stock market ratio of the past may need to be revised.

THAT the business situation warrants a higher appraisal of stock market values is a basic argument being presented just now in a dozen forms, including advertisements, brokers' circulars, and financial comment.

The lassitude of the average investor and trader, who seems content merely to keep free securities in a box and some money in the bank, is rather discouraging to the financial community, and in a broader way, it is also discouraging to the country. The clientele may be missing the boat. On the other hand they may see business activity as a mirage; some once said that the market is always right, and it is the clients who make the market.

But the brokers and dealers have felt it to be a case for action. Members of the Toronto Stock Exchange recently held a meeting to see what could be done about it, and a similar move is on foot in Montreal.

### Contrasting Levels

Business activity in Canada today is about on a level with the all-time peak which was established in 1929. It is therefore remarkable that the average for common stocks should be only half its 1929 level. Even as recently as 1937, stocks forged ahead of the business trend. Of course in both 1929 and 1937, and for that matter on many other occasions in the past, stocks got up too high, and came to grief. But at other times they have been too low.

At present they are definitely lagging behind. They may be in a buy-

ing zone. On the other hand there may be factors weighed by the stock market, but ignored by business. The very fact that the business world has been forced rather than led into business activity because of the war, makes this latter explanation quite possible.

### A New Ratio?

The situation at least calls for study. But while we give full credit to the brokers for bringing it to our attention, and admit that they have a *prima facie* case, let us not be hasty in jumping to a conclusion. Are there not facts which warrant a new business-stock market ratio?

Are we not in a war which creates new financial risks at the same time that it creates new business? Are we not working under a war-time credit inflation within the boundaries of a foreign exchange control? And isn't it true that the inroads of taxation and socialism demand a much greater volume of business to produce a given amount of earnings?

The United States market, which still has a powerful effect on Canada in spite of our artificial controls, has a similar problem with this difference—it has a current business recession to justify depressed levels in stocks.

The broker and the trader accordingly must rise above the current gloom in order to take an optimistic view of stocks. The business recession has been under way since November, and seems to be leveling off, but no analyst is quite ready to say, as yet, that it is over.

### War Bigger Factor Here

We have not that current handicap in Canada. The reason is that war business is a bigger factor in relation to total volume of business here than it is in the United States. The war contracts have sustained us in spite of the reaction across the line.

In the longer view, however, the situation is entirely different. The business which is so big to us, is offset by tremendous costs and financial burdens which we ourselves are assuming on account of the war. In the United States the war business, while not by any means a clear gain, since it replaces a lot of normal Allied buying, is at least on the credit side; there is no debit by reason of United States participation in the war. The United States is called upon to redeem some of its own securities, and to buy some more gold; these are new capital investments on its own account, which demand current savings, but which bring earnings rather than debt charges for the future.

We in Canada are making a similar capital investment by way of redeeming our own securities from Great Britain. It is on a heavier scale in our case, because the war business itself is heavier. In fact it will call for our maximum saving ability. And at the same time we are assuming direct war costs of our own, which must be paid by taxation, or by part of our savings.

Accordingly, while the United States has more current gloomy influences to affect its stocks, it is in a much happier position regarding the long term prospects.

### Capital Under Fire

Now to look at our own situation in more detail, is it not true that the whole proposition of paying for the war as we go (which thus far has been more honored in the breach than in the observance) is a complete negation of new speculative values? We do not even need to hold with the C.C.F., in its claims that the war costs should be paid through taxation of war profits and of speculative gains. If we could find enough war profits and speculative gains to pay the entire shot, then we would truly have found the formula for lifting ourselves by our own boot-straps, and continue this way in both war and peace.

The truth is that public spending does not and can not create enough new taxable values to sustain itself. A large part of the cost spills over on to the shoulders of the average man who is neither a war profiteer

(Continued on Page 15)

## THE BUSINESS FRONT

## Signpost for Industry

BY P. M. RICHARDS

JUST as if they hadn't enough to worry about already, business men are now being invited to consider the future effects on business of certain changes in population trends now in progress. The growth of populations in various countries—notably France, England and the United States—is slowing down and, within a measurable period of years, will cease altogether, and the average age of these populations is rising. This is not a new thing—it has been under way for a century or more—but of late years its pace has been accelerating, until it has now reached a point where, it is claimed, business men who have to plan for the long-term future can no longer afford to ignore it.

The matter is of more general concern than it might seem at first glance because, as regards this continent at least, it involves a complete reconstitution of the basis on which business development has been planned and conducted. The American tradition has always been one of growth; it didn't matter a great deal if industries or public utilities were projected on a scale larger than immediate requirements called for, because the population always grew and the created capacities were sooner or later brought into use. The normal trend of industrial production was upward not only because the general standard of living was rising but because the number of the consumers of industry's products and services was always growing. The stimulus of expansion was always present, making for prosperity.

### Less Expansion

In the United States this stimulus is diminishing, and will eventually disappear. According to Fred H. Sterns, who has been surveying the consequences for American business of these population changes in a series of articles in *Barrow's Weekly*, the population of the United States will continue to grow at a progressively slower rate for the next twenty years, at which time it will number about 8,000,000 more than it does now; thereafter it will increase little if at all. And because of the past, present and continuing decline in the birth rate, the proportion of older people will rise.

The average annual increase in the United States' population (as long as there is any increase) will hereafter be only about three-tenths of one per cent. This means, amongst other things, that if the big cities continue to grow at anything like the rate

they have in the last couple of decades, they will take a lot of population away from smaller communities. And this means that vacant lots in the smaller cities and towns will continue to be vacant, and that the only stores and dwellings built will be for replacement. Mortgages in such communities will be riskier investments than they have been.

While the construction industry will be particularly affected, the slowing down of the national growth and the rise in the average age of the people will be felt by every business in one way or another. In 1930 there was one person in the United States who was over 47 for every child under 10; Mr. Sterns tells us that within thirty years the older group will outnumber the younger in the ratio of 2½ to 1. The production of baby carriages will decline, and that of wheel chairs rise. The prescription-filling departments of the drug stores will do more business than the soda-fountains, and some of the girls who would have been school teachers will have to be nurses.

### Work for All

Unemployment will virtually disappear. Thirty years from now the lads leaving school will have no difficulty in finding jobs. And there'll be jobs for older workers too. As men over 40 will constitute a far larger proportion of the working population, employers will have to make use of them or go without anyone.

Problems for business will make problems for investors too. Mr. Sterns' recommendations to investors looking to the future are (1) to stay out of overbuilt industries, and those catering mostly to growth in population; (2) to avoid industries or mortgages unless the prospects of the particular community are carefully studied; (3) to look with favor on the staple goods industries, as they are the last likely to be over-expanded, and (4) to prefer the newer specialty industries, particularly if they have a long way to go before they sell their entire market. But be prepared, he says, to get out fast as they approach saturation.

All this, one imagines, will not apply to Canada as to the United States. Canada still has frontiers to be rolled back, and large undeveloped resources, and it is reasonable to suppose that our population will continue to grow long after that of the U.S. has stopped doing so. But in any case Canada cannot fail to be affected by changes in social and business conditions in the United States.





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To Holders of Bearer Share Warrants  
Outstanding Share Warrants Are To Be Exchanged For Registered Share Certificates On and After April 1, 1940.

THE BRITISH AMERICAN OIL COMPANY, LIMITED has decided to discontinue Bearer Share Warrants and to issue Registered Share Certificates in their place. Dividend Coupon Number 40, payable April 1st, 1940, is the last coupon attached to the Bearer Share Warrants of the Company. After clipping the last dividend coupon there will remain the Share Warrant proper and the Ticker.

In order to obtain Registered Share Certificates, holders of Share Warrants must surrender both Warrants and Talons to Chartered Trust and Executor Company, 34 King Street West, Toronto, Ontario, or 132 St. James Street West, Montreal, P.Q., the Transfer Agent and Registrar of the Company, on April 1st, 1940 or as soon thereafter as possible, whereupon their names will be entered as shareholders in the Register in respect of the shares specified in the Warrants so surrendered, and future dividends will be paid by cheque in the usual manner. If forwarding by mail it is important, for the protection of the holders of Share Warrants, that the Warrants—with Talons attached—be registered and insured against loss in transit.

There shall be lodged with the surrendered Share Warrants a declaration in writing containing the following information: (1) Name, address and rating; (2) Serial numbers of Share Warrants, denomination of each Share Warrant and total number of shares represented by the surrendered Warrants; (3) Denominations in which it is desired Registered Certificates be issued in exchange; (4) That the declarant is the holder of the Share Warrants referred to in the declaration.

Registered Share Certificates will be issued in the following denominations: (a) 25 shares; (b) Less than 100 shares, other than 25 shares; (c) 100 shares; (d) For any number in excess of 100 shares.

Forms of declaration to be lodged with the surrendered Share Warrants may be obtained from Chartered Trust and Executor Company, Toronto and Montreal, or through banks and brokers who will be supplied on request.

H. H. BRONSDON  
TORONTO, March 29, 1940. Secretary

## SATURDAY NIGHT

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# GOLD & DROSS

It is recommended that answers to inquiries in this department be read in conjunction with the Business and Market Forecast.

## HOWEY

Editor, Gold & Dross:

I am very much concerned about my Howey Gold Mines stock. Would you advise me to sell? I have 500 shares bought at considerably above the present market and would greatly appreciate your opinion.

—F. O. N., Oshawa, Ont.

While the present price of Howey Gold Mines is considerably under the market value of its assets, this can largely be attributed to the realization that the mine is a salvage operation, along with the fact that shares of few holding companies ever sell at their paper value. The mine appears to have at least another year's life ahead of it and I would be disinclined to sell at the present time.

Net profit of about 4½ cents a share in 1939 was the best for any year since 1934. Net current assets, with shareholdings at market value, totalled \$2,769,174 as against \$2,094,152 at the end of 1938. An appreciation of \$1,072,633 over the cost price was shown in the investments. A large block of East Malartic shares are held and as initiation of dividends are imminent, a considerable addition to income can be expected from this source. Howey is also actively engaged in the search for a new property.

## INTERNATIONAL P. & P.

Editor, Gold & Dross:

I have some International Paper & Power Company bonds and would like to have your say-so on whether I should hold or sell.

—C. N. H., Goderich, Ont.

Because International Paper & Power Company bonds have attractive speculative possibilities at the present time, I think I would hold if I were you.

International Paper, the largest paper-making company in the world, through subsidiaries produces virtually every kind of paper and pulp. Newsprint from the mills of Canadian International Paper usually is the heaviest tonnage item. The products of Southern Kraft were the largest in 1938, nevertheless, and continue to lead in importance in both dollar sales and profits. The operations of the company are completely integrated, and it holds substantial timber reserves in Canada and the Southern States. Sales in the first nine months of 1939 were up 15 per cent and profit margin widened considerably with net of \$725,301, against a deficit of \$688,265 in the corresponding period of the previous year. Profits in the fourth quarter, I understand, benefitted from substantially higher prices. Although its products are highly diversified, International Paper's sales are largely to consumer industries and are quick to reflect changes in the business trend. For this reason, I think that the company, because of the brighter industrial outlook in both the United States and Canada, should do well for some time to come.

## MORRIS, MANCO

Editor, Gold & Dross:

I would be pleased to receive what information you have on Morris Kirkland and Manco.

—T. J. D., Pembroke, Ont.

Morris Kirkland resumed milling in February after a shut down of a year and a half due to shortage of millfeed, during which time considerable development was done. The mill has been treating 100 tons daily and the rate is being increased this month. The management recently reported ore reserves of 39,240 tons averaging \$5.65 a ton, which grade only promises a moderate profit. However, development of the north break on the 1,250-foot level is proving encouraging and it is possible continued work may change the outlook for the operation which to date has not had a great deal of success.

Manco Gold Mines disposed of its property to New Manco Gold Mines for 755,062 shares or one new for three old, with the shares pooled indefinitely. A diamond drilling campaign was commenced a year ago but operations were later suspended. The property, which is located near Elbow Lake, Manitoba, has had a number of tests and these indicated high values in narrow widths. The company was reported last year as carrying out negotiations for a group of claims in the Porcupine area.

## TEXAS-CANADIAN

Editor, Gold & Dross:

Please let me have all the information you have on Texas-Canadian Oil Corporation, Ltd. I would like to know the extent of the company's properties, its earnings record and what the possibilities are for dividend payments. Also, what are the factors which will influence operations most during the war and how is the company likely to do for the duration?

—K. T. W., San Francisco, Cal.

Texas-Canadian Oil Corp., Ltd., operates as an oil producer and holds leases on producing acreage in eastern and south eastern Texas, on the Lisbon Pool in Louisiana, and in the Miller County and Schuler Pools in Arkansas. In addition, Texas-Canadian owns a 51 per cent interest in the Texas-Canadian Development Company, Cleveland County, Arkansas, and 7,500 acres of land in Wise County, Texas. As of



SIR EDWARD BEATTY, president of the Canadian Pacific Railway Company and chairman of its board of directors, whose fifty-ninth annual report, revealing substantial improvement in earnings and general position, is published on page 8 of this issue. The balance sheet appears on page 9.

October 31st, 1939, 153 wells were in production.

Net in the six months ended October 31st, 1939, was \$17,410, as against a loss of \$87,913 in the preceding six months. Although gross operating income was down from \$375,871 to \$344,195, with crude oil production down from 352,300 to 325,524 barrels, the improved net principally reflected a reduction in total non-operating expenses from \$180,640 to \$62,575 with operating and administration expenses down from \$167,822 to \$147,815. In the year ended April 30th, 1939, the company showed a net loss of \$4,628, as compared with a net of \$530,372 in the previous fiscal year. The company's financial position is poor with an excess of \$573,926 in current liabilities over current assets.

Summarized, the situation adds up something like this: the company's earnings appear to be on the up-trend, but because of the poor financial position, dividends are not a near term probability. Furthermore, I think the current price of \$2.35 per share adequately discounts the better earnings outlook. But the best predictions regarding the stock of a natural industry are apt to go astray.

The war should benefit Texas-Canadian, but to what extent is indeterminable at the present time. Obviously, one of the big factors in supplying war time demands is the safety of transportation lanes. If the war is prolonged and intensified, prices of oil and oil products would undoubtedly increase, to the benefit of producers. However, significant price increases are not in prospect under present conditions, in view of the desultory character of the war being waged on land, the fact that supplies have been stored up in anticipation of a conflict, and the formation by the allies of co-operative buying agencies to avoid competitive bidding.

## TAMBLYN'S

Editor, Gold & Dross:

I have in mind the purchase of some Tamblin, Ltd., common stock. Please advise me if you would recommend.

—W. D. G., Toronto, Ont.

I think the common stock of Tamblin, Limited, has attraction at the present time for its appreciation possibilities.

In the year ended December 31, 1939, Tamblin net was \$122,754, equal to 96 cents per common share, as compared with a net of \$127,098 and per share earnings of \$1 in the previous year. I think that consumer purchasing power should be given a fillip by increased industrial expansion in Canada and Tamblin's, with the majority of its units situated in the thickly populated centres of industrial Ontario, should benefit fully.

Tamblin's operates a chain of 66 retail drug stores in Ontario, the majority of which are located in Toronto, with others in Hamilton, Guelph, Kitchener, Stratford, London, Brantford, Windsor, Chatham, Oshawa, St. Catharines, Kingston, Ottawa and Niagara Falls. Most of the properties are leased. Recently the company inaugurated a system of profit sharing in which coupons were attached to each Tamblin product priced at more than 10 cents; when saved and presented in groups of 100 points, the coupons represent a saving of 3 per cent. or more to the purchaser.

Since the company instituted the 80-cents-per-share rate in 1936, earnings have covered dividends by a comfortable margin. The financial position is satisfactory.

## SIX MINES' FINANCES

Editor, Gold & Dross:

I would appreciate receiving figures showing the present financial positions of the following companies and your opinion as to whether the stocks should be held, sold or exchanged: God's Lake, Siscoe, Teck-Hughes, Base Metals, Falconbridge and Central Patricia.

—R. L., Galt, Ont.

At the close of 1939, God's Lake Gold Mines had current assets amounting to \$983,297, as compared with current liabilities of \$63,163. As at December 31, 1938, current assets were \$718,483 and current liabilities \$36,864. Net profit last year was \$136,912, as against a net loss of \$8,272 in the preceding 12 months.

Siscoe Gold Mines reported current assets of \$1,692,736 at the end of 1939, as against \$1,528,018 a year ago, while current liabilities of \$157,464 compared with \$167,118. Net profit last year was \$680,889, whereas in 1938 it was \$886,853.

Net current assets of Teck-Hughes as of August 31 last, exclusive of its holdings of Lamaque, amounted to \$3,411,589. Holdings of Lamaque at that date, according to the company's report, were 2,144,000 shares. At the end of 1938 net current assets were \$3,570,623. Net operating profit last

(Continued on Next Page)

## BUSINESS AND MARKET FORECAST

BY HARUSPEX

The long-term or year-to-year direction of stock prices has been upward since March 31, 1938. The short-term or month-to-month movement, down from mid-September, may have reversed upward on January 15 but assurance to this effect will be lacking until and unless the two averages move above the early January highs.

## WAR INFLUENCES

Awaiting an upturn in business, which upturn seems probable during the second quarter, the N.Y. stock market, since January, has been seersawing in a rather narrow range, with attention chiefly focused on war events. Recent extensive peace rumors have accordingly cancelled out the mild market rise between mid-January and early March because of fears that an early termination of the war would require another readjustment interval in this country.

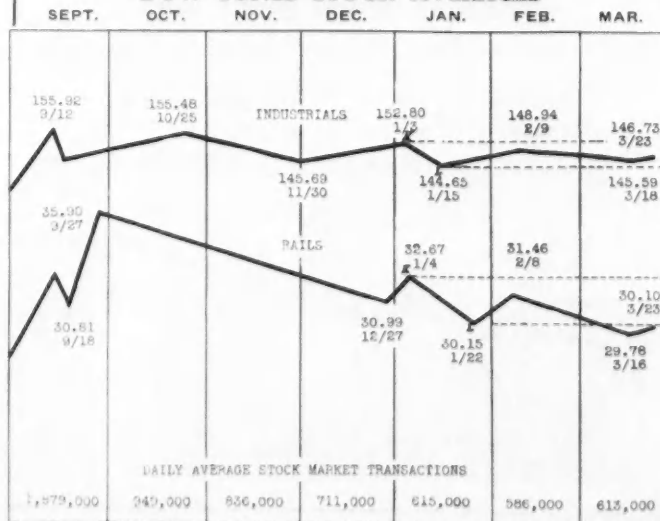
So long as Hitler is alive and is as undefeated as at present, it is unlikely that the respective belligerents can come to an understanding. In due course intensified war activity would seem the more logical development.

## POINTS TO WATCH

Viewed broadly, market irregularity since mid-September, while subjected, from time to time, to varying influences of near-term importance, has held within secondary proportions and is to be regarded as corrective in nature or a normal technical sequence to the preceding sharp war advance.

More than fractional penetration of the January 15 lows (points L) would suggest a moderate extension of this downward secondary movement, with resumption of the main uptrend to follow in due course. Failure of both averages to register such weakness, if followed by an advance in both averages above the early January peaks (points K) would confirm the uptrend as having been won since January 15.

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Excess Income over Disbursements	40,172.31	149,134.98
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Paid-up Capital and Surplus	55,090.77	58,144.43

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## DOW THEORY COMMENT

In response to numerous inquiries, we wish to announce that the publication of the series of DOW THEORY COMMENT letters is being continued with the same objectives as in the past.

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# GOLD & DROSS

(Continued from Page 12)

year was \$2,268,901 as against \$1,887,451 a year ago.

The balance sheet of Base Metals Mining Corp., as of December 31, 1939, shows current assets, including stores and prepaids, of \$26,554 against current liabilities of \$9,864. Outstanding is a demand note for \$143,250. This property was closed down most of last year and just resumed milling January 15.

The financial position of Falconbridge Nickel was strengthened materially last year, net working capital having increased to \$5,353,231 from \$3,636,999. Cash was more than doubled at \$3,356,164. The year's profits were 60.2 cents a share as compared with 53.2 cents a share in 1938.

Central Patricia reported current assets of \$1,261,270 and current liabilities of \$328,168 at the end of 1939 as against \$1,154,966 and \$293,299 respectively a year ago. Net profit per share was 24 cents as compared with 23.27 cents in 1938.

I would not suggest any change in your portfolio at the present time.

## NICOLA

Editor, Gold & Dross:

I am holding some stock of Nicola Mines and Metals which I acquired some years ago. Please let me know what you can do of this company.

—C. M., Ottawa, Ont.

Nicola Mines & Metals Ltd. during 1937 disposed of its property, equipment, etc., to Consolidated Nicola Goldfields Ltd., receiving 1,500,000 escrowed shares in that company. The provision was made that up to 200,000 of these could be sold to meet debts of Nicola. Consolidated Nicola has since been carrying out a development program with a view of having a minimum of three years' ore blocked out before resumption of milling. It was announced last month that machinery and equipment to complete the mill for operation on a basis of 100 tons daily were on the way to the property.

## BART MALARTIC

Editor, Gold & Dross:

The purchase of shares in Bart Malartic has been recommended to me, and I would be much obliged if you would give me whatever information you may have on it.

—G. J. L., Colombia, S.A.

Bart Malartic Gold Mines property of 15 claims in Fourniere township, Quebec, has locational interest adjoining as it does Malartic Goldfields to the southwest. The company has just announced plans for a geophysical survey together with some surface work, to be followed by diamond drilling. A group of 12 claims are also held in the Winisk River area of the Patricia district. Bart Malartic has an authorized capital of 2,500,000 shares of which 925,605 are issued. The current price of the shares is 14 to 16 cents.

## BRAZILIAN TRACTION

Editor, Gold & Dross:

I am writing you to get your opinion on the present situation of Brazilian Traction and your view in regard to future dividends. Having a large block of this stock I follow your valuable articles in Gold & Dross from time to time. But of late I have not seen any. Lately there has been considerable activity in Brazilian Traction on the market. Does that forecast better exchange rates and a rise in the stock?

—T. S. O., Owen Sound, Ont.

I think that the common stock of Brazilian Traction, Light & Power has definite appeal at the present time and if I were you I would continue to hold. I would hesitate to make any

## Dividend Notices

### THE CANADIAN BANK OF COMMERCE

DIVIDEND NO. 513

Notice is hereby given that a dividend of two per cent in Canadian funds on the paid-up capital stock of this Bank has been declared for the quarter ending 30th April 1940 and that the same will be payable at the Bank and its Branches on and after Wednesday, 1st May next, to shareholders of record at the close of business on the 30th March 1940. The Transfer Books will not be closed.

By Order of the Board

A. E. ARSCOTT,  
General Manager

Toronto, 28th March 1940

### IMPERIAL BANK OF CANADA

DIVIDEND NO. 199

Notice is hereby given that a Dividend of two and one-half per cent (2½%) has been declared for the quarter ending 30th April 1940, payable at the Head Office and Branches on and after Wednesday, 1st May next, to shareholders of record of 30th March, 1940.

By Order of the Board,

H. T. JAFFRAY,  
General Manager

Toronto, 19th March, 1940.

### Provincial Paper Limited

Notice is hereby given that Regular Quarterly Dividend of 1½% on Preferred Stock has been declared by PROVINCIAL PAPER LIMITED, payable April 1st, 1940 to Shareholders of record as at close of business March 15th, 1940, in Canadian Funds.

(Signed) W. S. BARNER,  
Secretary-Treasurer.

definite predictions as to the resumption of dividends on the common stock, but I think you can reasonably expect a disbursement sometime in the near future. The significant signpost pointing in this direction is the fact that Brazil's balance of trade is improving, due largely to the increase in exports, but more largely to the cutting down of imports: during the 11 months of 1939, exports rose about 5 per cent., but imports were cut down 15 per cent. The general results have been that a marked improvement has taken place in the foreign exchange situation; to the extent that Brazil is taking care of all commercial credits without any lag.

Earnings for the year ended December 31, 1939, are estimated to be equal to between \$1.25 and \$1.30 per share as compared with \$1.38 in 1938 and \$1.54 in 1937. I understand that the decline in earnings came chiefly at the end of the year but that, on the whole, the past year showed gains in combined volume of sales of power, tramways, telephone, and other services, establishing a new high record. The sad fact is, of course, that these gains are in terms of milreis. However, in a few months the price of the milreis should be more on a par with that of one year ago and the monthly report of gross and net earnings in terms of Canadian dollars can be expected to show increases.

## PAYMASTER

Editor, Gold & Dross:

I am holding 500 shares of Paymaster Consolidated. Do you think I should continue to hold this stock or would I do better to switch to something else?

—G. T. L., Barrie, Ont.

I would be inclined to stick with Paymaster Consolidated as the possibilities for this company appear

quite promising. Production and earnings improved last year and ore reserves reached a new peak. Development which has been proceeding for some years is now thought nearing the point where substantial profits can be anticipated. Three important exploration efforts are underway and location of large ore bodies in any of these could quickly give the property the status of a major producer. The unwieldy capitalization however has been a deterrent against greater market interest.

## MOUNT ROYAL

Editor, Gold & Dross:

I wish to ask your advice on a matter which has come up in an estate of which I am the executor. A broker has offered to buy Mount Royal Hotel Company preferred stock with bonus of common and scrip at \$2.50 per share. The estate holds 10 preference shares, 4 common and 1 scrip. Do you advise selling at present or holding for appreciation? I note that in 1938 an offer was made to purchase the above at \$4.75 per share.

—S. S., Toronto, Ont.

The preferred and common stock units of Mount Royal Hotel Company are quoted currently at \$3.50 bid.

It is more than a little difficult to give you any hard and fast advice about these units. As you probably know, the company has been having difficulties for some years past, recording a net loss of \$360,466 in 1938, as compared with deficits of \$314,536, \$308,109, \$351,281 and \$420,054 in 1937, 1936, 1935 and 1934, respectively. Attempts at reorganizing the company failed when, at a special meeting of the stockholders in Montreal on November 30, 1939, a submitted plan of reorganization was defeated.

# Why Gold Stocks Have Been Low

(Continued from Page 11)

tax on foreign gold received by the United States, or by increasing the service charge made by the Treasury for handling gold. This now stands at ¼ to 1 per cent and if raised to 10 per cent would in effect reduce the number of 'net' dollars a foreigner would receive for each ounce of gold presented for exchange. Another possibility is that of imposing a special tax on the income from foreign capital in the United States. Since it is the flow of capital rather than goods that accounts for most of the excess demand for American exchange such a step might prove highly effective in discouraging 'scared' capital from seeking a haven in the United States.

IV. The Possibility of Restricted Purchasing of Gold by the United States.

The suggestion has been made that the United States limit its purchases of foreign gold to a fixed amount each month, thus limiting the increase of its gold supply to whatever level it may determine. It is immediately apparent however that while such a step would indeed accomplish its purpose in one direction that the consequences on its trade would be adverse in direct ratio to the limitation that was set. More than that foreigners with 'scared' capital would be the first to take up whatever dollars were made available and thereafter, each month, the supply of American exchange available for ordinary trade purposes would be smaller than ever in relation to the demand.

V. The Possibility of an Inflation in Bank Credit, Commodity Prices, etc.

There is of course another approach altogether to the problem. This involves a virtual return to the gold standard as we used to know it whereby a steady increase in gold holdings meant increased bank reserves which in turn resulted in credit expansion. Then followed increased business activity, higher commodity prices and the other characteristics of a boom. The Administration in Washington has however strictly regulated credit expansion by 'sterilizing' a large part of the incoming gold; but if this policy were reversed, and an inflationary credit policy adopted, a rise in prices would occur which in itself would soon act as a deterrent to the continued large-scale purchases of American exchange. The dollar would become less attractive to foreigners in terms of domestic purchasing power. Thus we would have a return to the original mechanism of the gold standard—but is such a change in policy likely?

## Gold's Price Too High?

These are some of the alternative courses which might be followed by those responsible for the direction of the financial policy of the United States. It must be remembered of course that an election in that country is due this fall and consequently what Mr. Morgenthau may or may not say would have little significance if the Republicans were elected or even if an 'Anti-New Deal' Democratic government were returned.

It is true that no one of importance, on either side of politics, has attacked the foreign exchange policy of the present Administration. It may be significant however that one of the 'conservative' banking figures—Mr. Russell C. Leffingwell (of the Morgan Bank)—stated a few weeks ago that in his opinion the United States had established too high a price for gold,

causing an undervalued dollar, thus over-cheapering the price of American goods and services and attracting to that country the world's gold supply in payment for these.

The correction of the situation lies either in allowing prices to rise (through a credit expansion policy) or in increasing the exchange value of the dollar (that is, a reduction in the price of gold). Which is it to be?

It must not be assumed that we have exhausted all the possibilities in our discussion of the various courses open to Mr. Morgenthau. There is for example the hope of an early peace—however remote that may now seem—and the prospect of a new attitude among nations toward international commerce and finance. Large loans for reconstruction, for industrial rehabilitation and for currency stabilization might provide the solution of how to use the pile of gold in Kentucky. Certainly any step toward a return to a sane world increases the inherent value of gold and diminishes the chance of complete monetary chaos—which is the only serious threat to the gold standard.

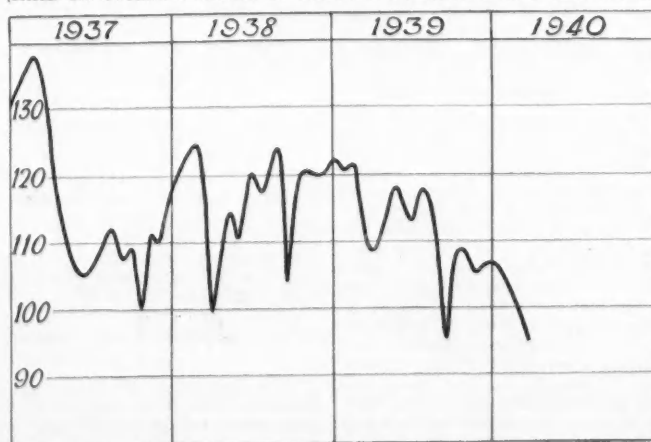
## Our Own Problems

Nor is it true that these factors of gold price and gold policy are necessarily the most important from the standpoint of the Canadian gold producer and gold shareholder. We have our own problems. We are waging a war, the cost of which no one can guess; before long taxes are likely to bear more and more heavily upon industry and production. It is good business for the mining industry to attempt to resist increased taxation certainly taxation which will restrict output; but in the last analysis everyone must do their part and those who benefit most must contribute the most. At least that is the theory behind the excess profits tax.

Gold mining, among producing industries, is unique in that all of its net production adds to our war chest of foreign exchange—one of the most deadly weapons we possess. As a consequence increased production is already being stimulated (through the premium of 10% on the \$35 price) and no doubt will continue to be stimulated; but this does not mean that, just as in other industries, a larger share of the net profits will be taken by the Government for war purposes. The realization of this fact has no doubt had much to do with the more sober market appraisal of the gold stocks in recent weeks.

## GOLD STOCK PRICES

(BASED ON DOMINION BUREAU OF STATISTICS AVERAGE OF 21-22 GOLD STOCKS)



JOHN C. MCCAIN, appointed president of the McGlashan, Clarke Co., Limited, Niagara Falls, Ont., in succession to N. Fred Gundy, who is retiring at the conclusion of sixty-one years in the silverware manufacturing business. Mr. McCain, also a pioneer in the silverware field, had been superintendent of the McGlashan, Clarke Company since its inception. A. M. Derrick, with the firm for 25 years, has been appointed manager, and A. E. Davis, sales manager, becomes vice-president.

I would say that some plan of reorganization would have to be effected before the company can be placed on a sound operating basis, but the present market price of the units seems to discount the likelihood of such action over the near term. The company's financial position is poor with an excess of current liabilities of \$211,433 over current assets. The stock is, of course, highly speculative, and quite unattractive at the present time. Even if a reorganization were in the offing, it is very likely that preferred and common stockholders would take such a beating that the risks attendant upon holding are hardly worth while.

## Investors More Realistic

In this connection it is both interesting and instructive to recall that a recent analysis of the leading gold producers the costs of producing an ounce of gold varied from about \$11 to over \$40—on the basis of the level of costs and prices prevailing last year, and that only one out of five producers would have made a profit on the basis of a gold price of \$20.67 per ounce. On the other hand nearly 80 per cent of the list could make some profit on \$30 gold. To these a \$5 reduction in the gold price or a \$5 increase in costs would still allow them to produce profitably—aside from any possible change in grade which, of course, in many instances is a question of policy.

We do not call attention to the above figures, because we believe either a lower price for gold or higher costs of mining are bound or even likely to occur. We do believe however that today investors are taking a much more realistic attitude toward gold stocks. In the past the romance of gold, the get-rich-quick hope of profits, were the inspiration behind most gold share purchases. The experience of the past ten years has disillusioned the speculator and the investor alike. How many of us are there who can recall, with remorse, the purchase of such 'bonanzas' as Siscoe at \$6.65, God's Lake at \$4.30, O'Brien at \$14.00 or Lake Shore at \$63.00—just to mention a few ticker tape headlines of the not-too-distant past?

The market today, we believe, is reflecting the greater sophistication of mining stock investors. They want to know more about costs, ore reserves, options, etc.; and above all they want dividends or the prospect of dividends in the early future—not just a dim hope based on glib and flimsy profit estimates.

In other words gold mining is growing up. It has passed through the frontier town, wild-cat stage. We do not want to know now how high a stock will go but how much it can

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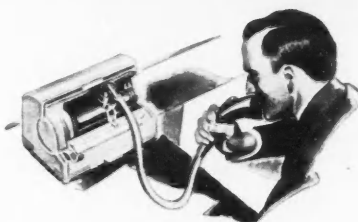
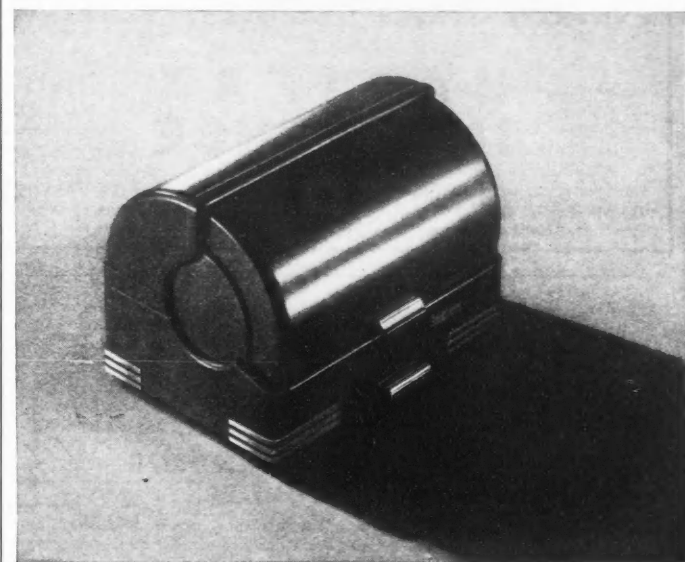
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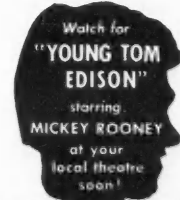
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earn and pay in cold hard cash. And more, a return of 10 per cent is none too large, if proper allowance is made for depreciation and depletion and for the inherent risk of mining enterprises.

To sum up then, the factors which are exerting their influence on the market for gold stocks include:

Fear of Gold Losing its Monetary Status.—This may be disregarded except in the event of world chaos during or following the war.

Fear of Reduction in Price of Gold.—No immediate prospect of this exists but allowance should be made for altered price some time in future.

Fear of Restriction, Special Taxes, etc.—Some new measures may be adopted to stop flow of gold, particularly if there is a change in Government in the United States.

Fear of Increased War Taxes and Higher Costs.—These factors should be given due consideration in appraising values.

New Attitude Toward Gold Stocks. A more conservative appraisal of gold mining enterprises is now being made by investors.

An Adequate Return Required Today.—Investors no longer are satisfied with the hope of dividends but require an adequate cash return having regard to the inherent risks of mining.

A more conservative appraisal of assets.

The sum total of all these considerations would seem to justify a cautious attitude on the part of investors as reflected in the prevailing low level of the gold stock market. It is possible that this caution has been carried too far. It is true that the future of gold, and the gold stocks, is not entirely free of uncertainties, but it is equally true that these uncertainties have been rather generously discounted by the recent declines in the market.

In relation to current, or potential, earning power several of the junior gold producers particularly offer greater value in relation to the market price than has been available for some time past. When, or perhaps we should say if, this becomes generally appreciated by those who are in a position to buy stocks, we will see a better market for the 'golds'.



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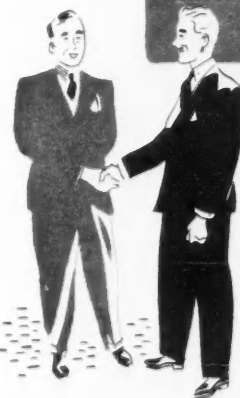
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# CONCERNING INSURANCE

## Development of Liability Cover

BY GEORGE GILBERT

Under the law relating to negligence, owners or lessees of property may become involved in litigation arising out of injuries to the person or property of the public, not only as a result of accidents caused by their personal actions, but also as a result of accidents caused by their employees, by their property or by their business operations.

Insurance protection against the liability for accidents sustained by members of the public was originally developed as an enlargement of employers' liability insurance, but since then many different forms of public liability and property damage liability insurance policies have been placed on the market. At the present time a movement is under way to reduce the number of separate covers and to issue a single comprehensive policy combining in one contract all the necessary covers.



ALISTAIR M. CAMPBELL, F.I.A., F.A.S., who has been appointed associate actuary of the Sun Life Assurance Company of Canada. He joined the company in 1929, following a year on the staff of the mathematics department of Aberdeen University. His services were loaned to the Foreign Exchange Control Board in connection with that board's insurance activities. He will continue to act with the board in an advisory capacity.

IT IS now recognized by students of the business that liability insurance is in a period of transition from a series of separate, elective, limited covers to one comprehensive cover, and that this transition of necessity means the somewhat radical modification of the theories, principles and practices under which liability insurance has been hitherto developed.

To understand the difficulties to be overcome in bringing about the required changes, one must know something about the processes by which the present liability insurance covers came into being. In a recent memorandum prepared by Attorney E. W. Sawyer, of the National Bureau of Casualty and Surety Underwriters, it is pointed out that in the first place liability insurance was not planned; it just grew; as a hazard of loss from liability became sufficiently menacing to warrant insurance against it, the insurance companies developed a liability cover for it.

Leaving out the step which expanded accident insurance to include insurance of the legal liability for accidents to others, the development of liability covers followed along certain broad lines. For example, with the beginning of the mechanization of industry, which brought employees together in ever-increasing numbers, the liability of the employer for injuries sustained by his employees became a serious matter. To cover this hazard employers' liability insurance was devised.

### Public Liability

Later, it is noted, the concentration of business operations at fixed locations created the menace of liability to members of the public. To cover that hazard the insurance companies provided public liability insurance, which at first was furnished by means of an endorsement to the employers' liability policy. From this beginning came owners', landlords' and tenants' public liability policies, manufacturers' public liability policies and contractors' public liability policies.

Thus, step by step, as the need for protection developed, appeared elevator liability insurance, products liability insurance, teams liability insurance and automobile liability insurance. In addition, it is noted, to meet the liability from losses due to the assumption by contract of the liability of others, contractual liability insurance was devised.

As the size of construction projects increased, the practice of letting part of the work to independent contractors came into existence. The method of computing premiums for the liability insurance of the owner of premises on which construction operations were undertaken did not provide for the hazard of construction operations performed by independent contractors, so it was necessary to provide a cover for the liability of the owner arising from that hazard, the cover being called owner's protective liability insurance.

This was also the case with respect to the general contractor, whose public liability premium was computed only upon the operations of the general contractor, so a cover of his liability arising from work which he sublet to other contractors was necessary. This cover was called contractors' protective liability insurance.

### Problem to be Solved

While there are other separate covers which came into being in similar manner, the foregoing are the separate insurances regarded as the most important in the consideration of the problem of comprehensive liability policies.

To those who today review the way in which liability insurance has developed, it may seem obvious that the growth should have been directed along the line of expansion of a single liability policy, rather than along the line of multiple separate covers. But the fact is that each new insurance became a separate cover which excluded protection against liability within other covers, and that is the situation which presents the problem to be solved if a really comprehensive liability policy is to be made available.

During the past five years, it is to be noted, the insurance companies have evinced an ever-increasing interest in broader public liability insurance contracts. Many companies have been experimenting for some time with policies which insure, with varying degrees of completeness, all public liability arising out of the business operations of the insured.

Says Mr. Sawyer: "It seems apparent that we have come to the point in the growth of liability insurance when the theories of separability and selectivity of the separate covers must, at least for business, be gradually abandoned in favor of integrated covers."

### Adverse Selection

It is pointed out that the plan of multiple covers has many disadvantages. For one thing, the selection of the separate covers is an adverse selection, and an adverse selection tends to increase insurance cost. For another, the selection of separate covers is dangerous to business, because if the insured only insures against hazards which he anticipates may result in losses, and remains uninsured against hazards which he hopes will not result in losses, an unanticipated loss may seriously deplete his business assets.

As yet the interest in the integration of the separate covers in a comprehensive policy is largely based on two advantages, so far as the insuring public is concerned: (1) The substitution of one policy for many separate policies; and (2) The elimination of the possibility that the insured has neglected to anticipate and insure against all of his hazards of loss.

But, it is noted, there is a reason for comprehensive liability insurance which sooner or later will become a strong factor in its development—the control of insurance cost. Says Mr. Sawyer: "Insurance does not and cannot reduce losses. It serves only to eliminate risk and to spread losses which occur. Over a period of years the premiums must provide sufficient funds to pay all insured losses, plus the expenses of the insurance carriers and a reasonable profit. This means, of course, that insurance costs can be reduced only through a decrease in the number or in the severity of losses."

Therefore, as he says, the functions of liability insurance are two: (1) To prevent losses, and (2) To spread losses which are not prevented. The separate cover plan accomplishes the former only in part. Loss prevention requires a high degree of co-operation between the insured and the insurance company. Complete co-operation of the insured can best be obtained by giving him a dollars-and-cents incentive for active accident prevention effort—the reduction of insurance cost.

### Universal Life

WITH income from all sources totalling \$284,460, the Universal Life Assurance and Annuity Company, Winnipeg, reports a year of striking progress in 1939. In 1938 income totalled \$99,588. Premium and annuity considerations amounted to \$252,437 in 1939 as compared with \$63,816 in 1938.

Disbursements for the year amounted to \$135,325, leaving \$149,134, which was applied to increase assets for the year. At the year-end assets totalled \$503,652 as compared with \$356,142 at the end of 1938.

During the year the sum of \$22,058 was paid out to policyholders and beneficiaries as compared with \$10,793 in 1938. Agency commissions amounted to \$48,861 and head office and agency expenses \$44,892. This compared with \$8,780 and \$31,957, respectively, in the previous year.

The larger items making up the company's assets at the year-end were: mortgages, \$152,174; bonds (at cost) \$101,255; net due and deferred premiums, \$70,010; real estate held for sale (clear of encumbrances) \$58,762; and loans on policies and purchased policies \$67,953.

The largest item on the liability side is policy and annuity reserves totalling \$416,200. Capital stock, paid up, and surplus total \$58,144.

### Inquiries

Editor, Concerning Insurance:

One of our clients has inquired as to the possible effect of war loss on foreign insurance companies. He is interested in Underwriters at Lloyds and also Helvetia Swiss Fire Insurance Company. We shall be glad if you will give us your opinion on the present standing of these companies.

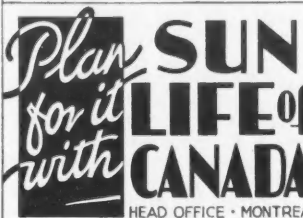
—C. W. M., Halifax, N.S.

Both Lloyds underwriters and the Helvetia Swiss Fire Insurance Company came through the last war without any serious impairment of their financial strength, and present indi-

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—2000 Agents Across Canada—



## Stock Market Headed for Higher Level?

(Continued from Page 11)

nor a speculator, but who lives on his work or his savings. There will be a strong effort, in this socialistic age, to direct this burden on to earnings of capital—not only the kind that is participating in the war, but also the ordinary kind that is in normal pursuits.

Already it has taken such forms as downward pressure on interest rates on Dominion bonds, tapping of bank deposits by means of treasury bills at nominal interest rates, and sharply increased taxes on corporation earnings and on the part of an individual's income that is derived from investments.

### No Pay-as-We-Go

Project this trend, arithmetically or geometrically or on whatever basis you will, and you get a conclusive reason why securities and especially equities cannot be valued as high now, in relation to volume of business, as they could formerly.

A company, as a rule, has to be constantly increasing its gross, in order to maintain the amount of net profits left after taxation and other charges. And if we are to make any serious attempt to pay for the war as we go, such taxation will undoubtedly be pressed to the limit, and there will still be an overflow of cost which must fall on the shoulders of the ordinary worker and consumer.

It is unfortunately true that costs of government in Canada, even before this war, had already risen to more than the entire earnings of invested capital in Canada, and therefore could not be paid out of these earnings.

With many millions of war costs now added, the equation becomes all the more impossible. Thus if we call our normal government expenditures  $x$ , and our normal investment income  $a$ , we already know that  $x$  is greater than  $a$ . Then if we call our war expenditures  $y$ , and our war profits  $b$ , we know that  $y$  must exceed  $b$ , by any process of reasoning. It follows that  $x+y$  exceeds  $a+b$ , putting farther and farther out of reach, any chance of paying for public costs out of profits.

This is all rather extreme reasoning, because taxation does not aspire to wipe out interest, nor in fact do we know of any political group, short of the communists, which professes such a goal. But the desire to tax investments heavily, and consumption lightly, is so obvious in the platforms of all political parties, that it must

be accepted as an inescapable current trend, and therefore a vital factor in the determination of security values.

It might also be argued that capital can gradually work these taxes into the costs of production, so as to secure its own share of the net return in the end, but the fact remains, that this process of "passing the buck" takes time, as the owners of real estate have found to their cost. A sharp increase in any kind of tax usually falls heavily upon those paying it in the first instance.

Another deterrent in the Canadian market is foreign exchange control and the resulting discrepancy between Canadian and United States security prices. Thus one finds International Nickel stock priced at 43 in Canada when it is only 35 in New York, International Petroleum at 22 and 17 respectively, and other interlisted issues with spreads similarly of 20 per cent., 30 per cent., or even higher. This emphasizes the low valuation of all stocks across the line, for while Canadian issues can hardly be called favorites there, under present conditions, they have not been extremely depressed as compared with others, finding some positive support in the business activity which has been brought to Canada by the war.

These spreads are possible, in the face of an official exchange rate of 10-11 per cent. premium for American money, because Canadian money is not allowed to go across the line for purchase of securities. Needless to say, prices for such stocks in Canada are of no more than casual interest to the American, who is well aware of the restrictions which prevail here. But the very fact that prices in Canada are so far above those in the United States should tend to make the Canadian content with the domestic situation.

### War Complex

The most fundamental consideration, and therefore the one most likely to be overlooked, is the exceptional hazard of war. We hope that we are safe from the direct destruction of war, but we know that we are engaged in it. We further know that we are acquiring a war complex in our domestic economy as well as in our political and social outlook.

As yet there has been no real price inflation, but we certainly have an inflation of business activity. The more war contracts we get, the more our governments take over our revenues and our savings to pay for their contracts, the more do we be-



DONALD J. AGNEW, who has been appointed to the staff of the Lambton Loan & Investment Company of Sarnia. Mr. Agnew was statistician for F. O'Hearn & Company, members of the Toronto Stock Exchange, for the past five years and previously was with the research department of the Bank of Canada. He graduated from the University of Toronto in commerce and finance and later took post-graduate work at the London School of Economics, London, England. Mr. Agnew is a founder and past president of the Financial Statisticians' Association of Toronto.

come bound to a stimulus which is publicly inspired, which might be terminated at any time, and which ultimately must cease with the gradual wearing out of our capacity for production.

The end of this war may not find us with heavily over-priced inventories, but an excess of quantity itself may cause trouble enough. And we know that it will find our economy twisted out of normal lines, geared to war rather than to peace, and at a loss as to how to find the way back.

That is why the investor and the trader views with some doubt the levels reached by such war babies as Dominion Woollens, Mercury Mills, Canada Steamships, and a dozen others that were out of favor a few months ago, and even such stand-bys as Page-Hersey, Penmans, and Canadian Car, the market values of which have been helped by the war. The experiences of the last war, and of the 1929 boom, and again of the minor 1937 boom, are still in his memory, and he does not want to be stuck again. Perhaps his resistance may be worn down during a prolonged war, but at the moment he prefers to wait and see.

The ground which the brokers and the investment dealers must cultivate

## WE DISCUSS THIS WEEK

### Dominion Stores

DOMINION Stores Limited, is by far the largest grocery chain in Canada: it operates 378 stores located principally in Ontario and Quebec, of which about one-third include meat markets; all units are leased. While installation of meat markets in some of the larger stores has not proven altogether successful, a sound policy of closing unprofitable units has been followed, and, though initially costly, is likely to have ultimate good results. The company has undertaken to revise its methods of merchandising by opening new grocerias units; converting other stores to grocerias operation; and closing unprofitable units. In 1939, 133 stores were closed. However, the opening of new stores and the acquisition of Stop & Shop stores early in 1939 resulted in there being 86 less stores operating at the end of the year than in 1938.

Investigation of operating methods by the Royal Commission on Price Spreads in 1934 caused widespread public distrust of some grocery chains in Canada with the result that this company's sales declined steadily from 1933 through 1935, despite general business recovery. Net income fell off from \$339,279 in 1933 to \$18,152 in 1934, with further drastic decline to deficits of \$610,342 and \$65,581 in 1935 and 1936, respectively. A net profit of \$46,736, equal to 17c per common share, was shown in the year ended December 31, 1937, but earnings fell off in 1938 to a deficit of \$149,112.

Evidence of the opportunities existing in the chain store field is given in the fact that 17% of all retail sales in Canada are made through chain stores. Almost one-third of the grocery sales in Canada are made through chain stores. The greatest proportion of retail trade is in the provinces of Ontario and Quebec—40% in the former and somewhat less than 25% in the latter—where the bulk of Dominion Stores' units are located.

Because the demand for food is essentially stable, Dominion Stores' sales do not show wide cyclical fluctuations, although, of course, changes in wholesale food prices constitute an important variable. Earnings are influenced chiefly by cost and competitive trends and the recovery of satisfactory profits will depend largely, therefore, on the success of the present management in improving efficiency. In recent years, sales have been relatively stable, although lower prices have reduced dollar volume as compared with the period 1929-1931. Severe competition, particularly in the company's urban markets, combined with increasing taxes and other costs, led to a substantial loss in 1938—as recorded above—following a small profit in 1937. Until January, 1935, the company adopted a liberal dividend policy, but no payments have been made since that date.

### Sales Up, Costs Down

In the year ended December 31, 1939, a net loss of \$125,208 was shown, despite the fact that sales showed an increase of \$1,098,419, or 5.84% over the previous year and were also above the 1937 level. During the year the average weekly volume of business per unit increased 15.9% and operating expenses showed a decrease. The last quarter of the year showed a net profit as compared with the loss for the corresponding quarter of 1938. Despite increased volume and in the face of certain rising costs and extraordinary expenses incident to the recent construction program outlined above, the cost of operating stores was reduced along with general overhead expenses during 1939. A substantial rise in total expenses is due in large part to items of non-recurrent expense incident to the reorganization program and other non-recurring general expenses. The company's financial position is strong with current assets of \$2,539,616.91, against current liabilities of \$497,754.04. Of the former, \$649,391.

is in cash and \$326,200 in call loans.

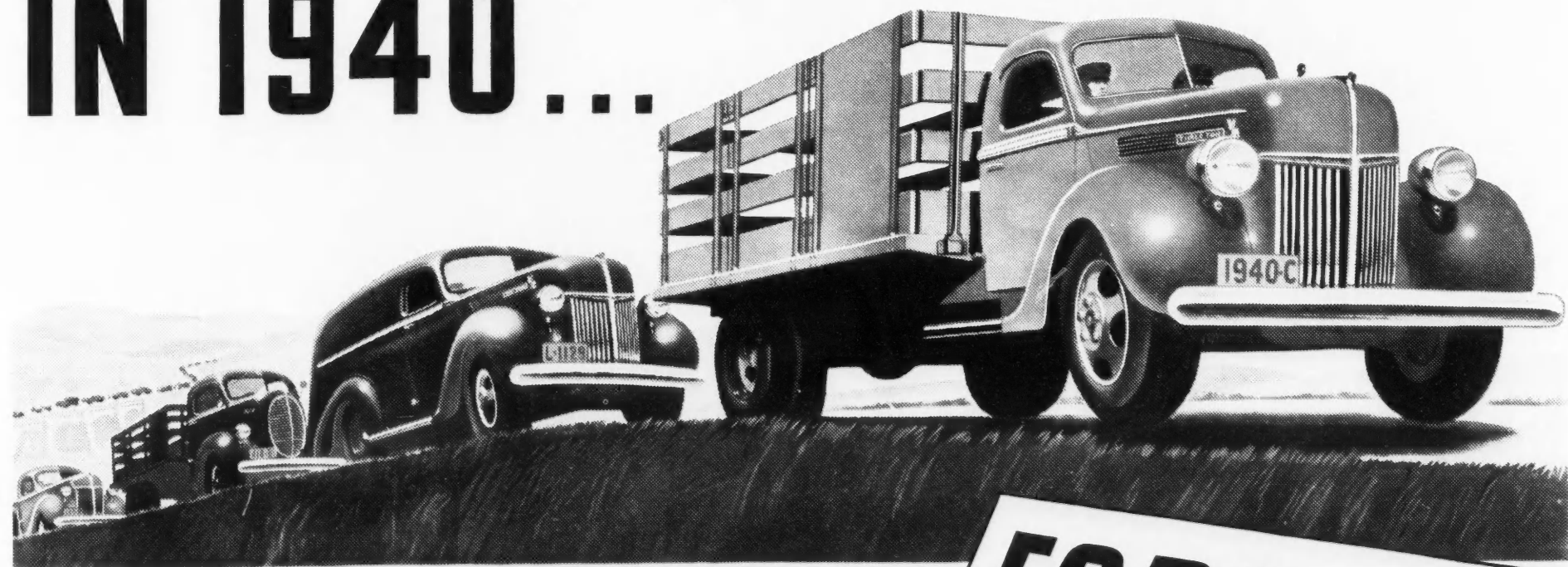
One factor which is obscuring the outlook for Dominion Stores to a certain extent is the problem of chain store taxation in the city of Montreal. This taxation takes the form of a chain store license fee and the city required it to be paid in advance by May 25th, 1938. The license fee was determined on the basis of \$100 for each five stores, \$500 for each of the next five, and \$1,000 for each store in excess of ten. Early in 1940, the City Executive Committee suggested to the chain stores that a compromise arrangement on taxes might be worked out. The 1938 measure was expected to bring in \$151,000. Actually, in 1939 the amount claimed by the City was only \$104,000 and a mere \$17,000 was collected, the balance being held up by litigation, which might eventually go to the Privy Council. The City Executive proposed that the tax measure be revised to the basis it was prior to 1938—or a maximum of \$300 a store—and the chains drop their legal challenge of the right of the City to impose special taxes. The chains countered with a proposal that the tax be reduced to \$300, but were unwilling to concede that the city had a legal right to impose such taxes. Since then, private store owners, through members of the City Council, have been exerting strong pressure against any compromise at all. While negotiations have not been dropped, immediate settlement of the dispute is now uncertain.

At the present time, the common stock of Dominion Stores has limited appeal. During the coming months, sales should increase in response to the uptrend in business activity and purchasing power in Canada, and the elimination of unprofitable stores and operating economies are expected to widen profit margins, but higher costs and taxes will probably delay recovery of important earnings. Dividends are not likely over the near term.

### CANADIAN ZINC

Canada stands third as a source of world zinc production. The Dominion is the largest producer of metallic zinc in the British Empire.

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1940 Ford Trucks are out in front, doing the jobs of Canadian truck and commercial operators—just as they have in the past! The record's open for all to read: Ford Trucks have led every other make of truck in Canadian sales by a wide margin for every one of the past 5 years, and during 21 of the last 25! The successors of those history-making trucks—these husky 1940 units—are the finest Ford Trucks ever built—with power, ruggedness, reliability and economy in big measure.

Ford Trucks move heavy loads faster and more economically, because their V-8 engines develop high torque over a wide range of

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Do you operate heavy-hauling or light delivery units? Ford Trucks can handle over 95% of all jobs. The Ford—Mercury—Zephyr Dealer invites you to see him and arrange an "on-the-job" test with the unit your work calls for. Prove Ford economy to your own satisfaction before you spend another truck dollar!



Ford Trucks are Made in Canada 88,000 Canadian workers and their dependants benefit because Ford trucks are made in this country. When you buy a Ford truck, more of your money stays in Canada.

## FORD V-8 TRUCKS AND COMMERCIAL UNITS



## Lasting Co-operation Planned by Allies

BY GILBERT C. LAYTON

Saturday Night's Financial Correspondent in London

Economic co-operation between Britain and France will, it is hoped, outlast the war. The products of the two countries are complementary rather than competitive, and a Customs Union to make the Allies virtually one trading entity has been suggested. From this might develop a European economic bloc embracing the major part of the Continent.

But when the war is finished will the same will to co-operate exist? asks Mr. Layton. Peace will mean the resurgence of all the intolerance of entrenched business interests, and if co-operation is to survive the British and French governments will need to be strong.

PARTICULAR interest attaches to evidence of close economic co-operation between Great Britain and France since it has been made known that this intimacy of trade and finance is not intended to be just for the duration of the war. The measure of its success in the war period is the measure of its potential as a permanent and fundamental aspect of the two countries' economies in peace, and that is the measure of the possibility of creating a European economic bloc embracing the major part of the Continent.

Something more than an indication of the way in which two allies may combine their forces against a powerful military and economic adversary is therefore to be got from a survey of Franco-British policy since September last. The degree of identity achieved in both operations and principle in so short a time is really remarkable. On the former account there is the fusion of the programs of supply, of foreign purchasing and of utilizing foreign resources. In connection with the latter there is the sincere attempt to sympathize wage and price policy in two countries where the determining factors differ in some important respects.

### Inter-Ally Trade

From one point of view the war has come opportunely upon its hour. In the ten years to 1938 Britain's exports to France fell by a third and her imports from France fell by a quarter. Not only that, but the French share of British trade and the British share of French trade both showed substantial reductions.

British participation in the French market declined more than the French share of the British market, however, so that when war broke out the reduction in inter-Ally trade was colored by the fact that Great Britain was a more important seller to, and buyer from, France than France was to Britain.

It might seem unnecessary at this time to point to the causes of this

deterioration, for war cuts many Gordian knots. But the fact is that the compulsion of war is felt in specific trade directions and is not itself sufficient to eliminate all the obstacles which will have to be removed before France-British trade is increased to the level justified by the relative geographical, economic and political positions of the two Allies.

War, for instance, is scarcely calculated to increase the flow of cosmetics, or high-grade silks, or model clothes, from France to Britain; nor will it assist materially to counter the deterrent effect exercised by French protectionism upon French imports of British textiles of the finer grades. Yet these categories of goods constituted a vital part of trade across the Channel in happier times.

### Trade Complementary

The long-term question of securing an absolute increase in the level of trade is therefore not the same as the short-term question of co-ordinating resources for the prosecution of the war. Indeed, the one-sidedness of the war stimulus will itself require correction.

The fact that a large proportion of France's normal exports to Britain fall in the luxury and semi-luxury class, coupled with the fact that war disturbance to the economic apparatus has been much greater in France, means that the scope for improvement during the war is more in respect of British supplies to France than of French sales to Britain. A program for peace must correct this tendency.

It must also make the most of the favorable situation, that generally speaking the products of the two economies are complementary rather than competitive. This fact argues that many of the difficulties would disappear if there were a mutual lifting of trade barriers, even in the absence of a world move to free international trade. It also suggests that there is more than wishful thinking in the suggestion of a Customs Union to

make the Allies virtually one trading entity.

There is one difficulty inherent in any move to restore international, even inter-Ally trade, and that is the difficulty of vested interests. War stifles the voice of vested interests and increases the force of the word Ally, which is written in letters of common blood. But when the war is finished will the same will to co-operate exist?

### After the War

Already there is evidence that British farming interests are prepared to fight, judiciously but strongly, against the free entry of French agricultural produce. And some of Britain's luxury traders do not welcome with open arms the prospect of a lower barrier to imports of corresponding French products.

It is here, at the point where the two economies cease to be complementary, that the long-term difficulties appear. In the name of the war there is practically nothing that traders will balk at, provided they are left with the means to sustain a reasonable standard of life.

But the reaction against war, and all that it has entailed, when peace comes means the resurgence of all the intolerance of entrenched business interests. That is where the British and French governments will need to be strong.

## Mines

BY J. A. McRAE

Senator-Rouyn Mines is extending its shaft from the 500 foot level to a depth of 875 feet. Diamond drilling through the deposit from the workings at the 375 and 500 foot levels confirm earlier indications of an orebody about 500 feet in length by 14 feet in width and carrying \$10 to the ton.

Kirkland Lake Gold Mines has brought its additional mill equipment into operation, and is treating well over 400 tons of ore daily. The grade of ore to be handled in the enlarged plant will become known soon, and may be indicated in the fact that during the first few days the average was between \$13 and \$14 to the ton.

Dome Mines produced \$598,308 during February from 47,300 tons of ore, the performance being normal.

Mining Corporation of Canada had a gross income of \$213,008 during 1939 and expenditures of \$195,345, thereby receiving \$17,663 in net profit.

Buffalo Ankerite Gold Mines produced \$2,625,952 in 1939, compared with \$2,971,464 in the preceding year. Net profit in 1939 declined to \$557,526 compared with \$790,039 in 1938. Ore reserves at the close of the year were estimated at 617,000 tons containing \$5,000,000.

	PREMIUM INCOME	ASSETS	CASH SURPLUS	NUMBER OF BRANCH CLAIM OFFICES	TOTAL LOSSES AND DIVIDENDS PAID TO POLICYHOLDERS
1912	\$29,562.55	\$28,939.85	\$8,368.77	1	\$100.00
1929	\$12,162,720.59	\$10,638,980.54	\$1,877,884.22	39	\$25,588,325.19
1939	\$27,458,306.73	\$18,073,226.38	\$5,262,440.31	70	\$115,000,000.00

**GAINS FOR 1939**  
 PREMIUM INCOME increased from \$26,911,679.42 to \$27,458,306.73  
 A Gain of \$546,627.31  
 ASSETS INCREASED from \$31,171,977.53 to \$18,073,226.38  
 A Gain of \$3,901,248.85  
 NET SURPLUS increased from \$4,668,053.96 to \$5,262,440.31  
 A Gain of \$594,386.35

## LUMBERMENS MUTUAL ... mature and still growing

• In point of age Lumbermens is a fully matured organization—able to make the decisions and take the actions expected of maturity.

Yet again in 1939 it continued the unique record of consistent growth which it has maintained EVERY year since organization.

One more year has demonstrated the soundness

of this company's principles and has added to its reputation for stability and ability to earn dividends for its thousands of policyholders.

Today, Lumbermens, with an unbroken record of progress through war, panics and depressions, is the casualty company which gives strongest expression to the ideals of security, service and savings.

Statement at the close of business December 31, 1939

Assets	Liabilities
Cash in banks .....	Reserve for losses not yet due .....
U.S. Government bonds .....	Reserve for unearned premiums .....
State, county and municipal bonds .....	Reserve for taxes and expenses .....
Canadian bonds .....	Reserve for dividends and unassigned funds .....
Public utility and other bonds .....	Special reserve .....
Stocks .....	Reserve for contingencies .....
First mortgage loans on real estate .....	
Real estate (including home office building) .....	Total liabilities and reserves .....
Premiums in transmission .....	Net cash surplus .....
Accrued interest and other assets .....	
Total cash assets .....	Total .....

(Eligible bonds amortized. Stocks at book value, which is less than market value. Voluntary contingency and special reserves are sufficient to adjust all stocks to 1932 lows. If all securities were valued at market, assets and surplus each would be increased \$279,696.75.)

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## NEW BOOKS

### INCOME TAX

BY W. A. McKAGUE

YOUR INCOME TAX, By A. R. McMichael, B.A., F.C.A. The Musson Book Company Ltd., Toronto. 88 pages, \$1.00.

THE large sales enjoyed by a popular book on income tax, published a few months ago in the United States, indicated that there was a wide demand for something that would be of practical help to those who have to make income tax returns. Of course income tax officers will assist, but the citizen is not always able to spend time with them, and in any event he prefers an unbiased authority. The large payer may engage professional accountants, but the average payer feels that his needs should hardly go that far.

This book, being written by a professional accountant for taxpayers of all grades, aims to fill the gap in Canada. Any one who undertakes such a task faces difficulties, inasmuch as he is dealing with a specific statute and its departmental regulations and interpretations, governing dollar and cents business with the citizen. Moreover, there may be changes at any time.

Strictly speaking it is not a book, but a sort of encyclopaedia arranged in the order of the income tax form itself. Thus as you are making your return, you can refer to it every time a question sticks you. This seems to be a practical way to handle the subject. Provincial income taxes are also covered. A topical index enables any particular problem to be looked up, regardless of its position in the tax form. The information is up to Feb. 15, 1940, but the publishers undertake to send to each purchaser, who mails them a card which is attached to the book, a report on any changes in the Dominion law at the 1940 session of Parliament.

As an illustration of its practical help, the book gives lists of dividend-paying concerns, part of the dividends of which may be deducted as depletion of capital; and it shows allowable rates of depreciation on buildings, automobiles, vessels, etc. It also includes typical illustrations of income tax payments.

## Western Oil and Oil Men

BY T. E. KEYES

The vote on the Saskatchewan franchise agreement will be held on April 3. Reports from Saskatchewan say the agreement will likely be ratified with a large majority. Immediately the agreement is confirmed by the burgesses, work will be started on this program, which will ultimately mean an expenditure of \$5,000,000.

In the Lloydminster field, several new wells are scheduled to commence drilling in the next few weeks. The Franco-Triangle No. 1 is now drilling below 1120 feet, and the Lloyd-Gates No. 1 is rigging and expects to spud in within a few days. Vancouver and Calgary interests are now interested in this field and it is estimated that around 20 wells will be drilled in this area during the coming season.

In the Vermilion area located about 30 odd miles further west, the Franco Vermilion No. 1 well is drilling at 1850 feet. It encountered large gas flows at 1610 and 1765 feet. About 8 miles west of this well the Franco-Battleview No. 3 well is rigging up with rotary equipment and as soon as the water supply at a nearby creek thaws out, drilling will be proceeded with.



ROSS H. McMASTER, president of the Steel Company of Canada, Limited, whose annual financial statement for 1939 is published on this page. Net profit of \$4,686,680 for the year compares with \$3,053,726 in the previous year, and working capital position was further strengthened. Mr. McMaster stated that despite considerably increased demands and in the face of advancing costs, prices of heavy tonnage lines were maintained at pre-war levels to avoid inflationary tendencies.

—Photo by "Who's Who in Canada".

## Three Generations OF BUSINESS BORROWERS



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## BANK OF MONTREAL

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A101

## THE STEEL COMPANY OF CANADA, LIMITED AND SUBSIDIARY COMPANIES

Consolidated Balance Sheet, December 31, 1939

ASSETS	
CURRENT ASSETS—	
Cash on hand and in banks .....	\$ 3,007,934.63
Guaranteed call loans and deposits with trust companies and banks .....	671,643.37
Dominion of Canada bonds and other securities (market value December 31, 1939, \$7,741,000.00) .....	7,513,454.82
Accounts and notes receivable, less reserve .....	5,392,782.30
Inventories of raw materials, supplies and products, as determined and certified by responsible officials of the companies and valued at the lower of cost or market, less reserve .....	7,355,436.09
INVESTMENTS (non current)—	
Investments in and advances to associated coal and ore mining companies .....	2,130,303.12
FIXED ASSETS—	
Cost of works owned and operated .....	49,746,645.23
OTHER ASSETS—	
Pension Plan—cash and investments (per contra) .....	\$ 2,304,656.97
Benefit Plan—cash and investments (per contra) .....	757,911.14
Shares of the company held in trust for employees .....	13,127.07
DEFERRED CHARGES—	
Taxes, insurance and other expenses paid in advance .....	48,887.01
	\$78,942,781.75
LIABILITIES	
CURRENT LIABILITIES—	
Accounts payable .....	\$ 2,398,572.92
Accrued wages .....	194,292.43
Provision for Dominion, Provincial and other taxes .....	2,160,064.99
Unclaimed dividends .....	6,896.54
Dividends payable February 1, 1940—	
On Preference shares .....	\$ 113,685.25
On Ordinary shares .....	1,121,250.00
6% First Mortgage and Collateral Trust Bonds due July 1, 1940, authorized and issued .....	\$10,000,000.00
Less—	
Held in treasury .....	\$ 499,904.00
Redeemed through sinking fund .....	6,919,837.83
Reacquired and held by company .....	235,866.15
	\$ 7,655,607.98
	2,344,392.02 \$ 8,339,154.15
APPROPRIATIONS FOR SPECIAL PURPOSES—	
Pension Plan Reserve (per contra) .....	\$ 2,304,656.97
Benefit Plan Reserve (per contra) .....	757,911.14
	3,062,568.11
RESERVES—	
Operating Reserves—	
Furnace retooling and rebuilding and other operating reserves for the year ended December 31, 1939 .....	2,465,112.66
Plant Reserve—	
For depreciation .....	25,839,934.20
Other Reserves—	
For betterments and replacements .....	\$ 1,829,674.06
For fire insurance .....	200,000.00
For contingencies .....	558,999.01
	2,588,673.07
CAPITAL STOCK—	
Authorized .....	400,000
Issued .....	259,852
7% Cumulative Preference shares—par value \$25.00 each .....	\$ 6,496,300.00
Ordinary shares—no par value .....	11,500,000.00
	17,996,300.00
	18,651,039.56
EARNED SURPLUS .....	\$78,942,781.75

Approved on behalf of the Board,  
R. H. McMASTER, President,  
H. H. CHAMP, Chairman of Directors.

### AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the books and accounts of The Steel Company of Canada, Limited, and its subsidiary companies for the year ended December 31, 1939, and report that we have verified the cash on hand, bank balances and all securities and have obtained all the information and explanations which we have required, and that, in our opinion, the above consolidated balance sheet is properly drawn up so as to exhibit a true and correct view of the state of the companies' affairs at December 31, 1939, according to the best of our knowledge and the explanations given to us and as shown by the books of the companies.

RIDDELL, STEAD, GRAHAM & HUTCHISON,  
Chartered Accountants, Auditors.

Toronto, Ontario, February 29, 1940.

### Statement of Consolidated Profit and Loss

For the Year Ended December 31, 1939

PROFIT FROM OPERATIONS after deducting depreciation and all expenses of manufacturing, selling and administration .....	\$ 4,618,321.21
ADD	
Net Income from securities .....	\$ 143,923.80
Profit from sale of securities .....	62,375.54
	\$ 4,854,650.64
DEDUCT	
Interest on funded debt .....	167,970.90
NET PROFIT FOR THE YEAR .....	\$ 4,686,679.74

### THE FOLLOWING AMOUNTS HAVE BEEN CHARGED BEFORE DETERMINING THE PROFIT FOR THE YEAR:

Provision for depreciation .....	\$ 1,585,399.00
Provision for Dominion and Provincial income taxes, including adjustments and amount applicable to credits affecting previous years .....	1,899,569.34
Directors' fees .....	14,000.00
Remuneration of executive officers .....	199,444.00
Legal expenses .....	1,697.00

### Statement of Consolidated Earned Surplus

Balance at December 31, 1938 .....	\$15,835,527.82
ADD	
Net profit for the year ended December 31, 1939 .....	\$ 4,686,679.74
Credits applicable to previous years	
Repair reserves no longer necessary .....	\$ 374,998.00
Inventory adjustments .....	709,840.00
	\$1,084,838.00
Less amounts written off fixed investments .....	476,265.00
	608,573.00
	\$21,130,780.56
DEDUCT	
Dividends declared during the year 1939	
On preference shares at 7% per annum .....	\$ 454,741.00
On ordinary shares	
At \$1.75 per share .....	\$ 805,000.00
At \$2.00 per share towards equalizing the dividends herebefore paid on the ordinary and the preference shares of the Company .....	920,000.00
	1,725,000.00
	\$ 2,179,741.00
Transfer to Pension Plan Reserve (subject to confirmation by the shareholders) .....	300,000.00
	2,479,741.00
Balance at December 31, 1939 .....	\$18,651,039.56



# SATURDAY NIGHT

PEOPLE

TRAVEL

FASHION

HOMES

THE ARTS

TORONTO, CANADA, MARCH 30, 1940

## "And Now Here is Your Daily Weather Forecast . . ."

BY WESSELY HICKS

(Meteorological Photos by "Jay")

THIS year the main office of the Meteorological Service of Canada is celebrating its one hundredth birthday. To-day the weather services occupy a white stone building at the corner of Devonshire Place and Bloor Street in Toronto, Ont., but the seed of the present institution was planted by Lieutenant Riddell, R.A., in the University of Toronto physics building away back in 1840. Then it was the Magnetic Observatory and was interested in mag-

Top Row (left): CBC announcer Lorne Greene sends the "probs" into your home. (Right) An anemometer which determines the direction and velocity of the wind and records the data on the anemograph which is the small instrument in the middle of the right hand picture in the second row. At the extreme left is a microbarograph which records the atmospheric pressure; at the extreme right is a recording thermometer for recording the temperature immediately outside the Meteorological Building.

netic observations and correct time; now even the name has been changed and the magnetic and time-keeping activities have been moved to Ottawa.

Contrary to the general belief, the "Weather Man" does not go out into the backyard, take a squint at the sky, walk around to see if his meteorological corn is bothering him and then flip a coin to see what tomorrow's weather is going to be.

Today even the weather has gone streamlined. As a first step in determining the "probs", observations are taken at stations spread across the continent; from the Arctic to the Tropics and from the Atlantic to the Pacific. These observations are sent to collecting stations by radio and telegraph, and are then relayed to the central or head office; in this instance, Toronto. The reports are then decoded and put on charts or weather maps; pressure lines are drawn on the maps and from these data and from previous maps, the weather forecasts are made out. One

Second Row (left): A sunshine recorder, a magnifying glass which makes charred marks on a strip of blue paper which is marked off in hours and which is especially prepared. The instrument records the amount of heat given off by the sun.

such map would show weather reports from approximately 75 places in Canada and from between 150 and 200 in the United States.

AND if you don't like the weather we're having, let's have no more of this blaming it on the Weather Man; blame it on air masses. And there are two types of air masses or air currents: one is tropical (warm) and one is polar (cold). These two systems preserve their identity for thousands of miles with warm air running into cold for all that distance and one never affects the other. These two masses move bodily along a "front" or "line" and their interactions along this front causes weather disturbances such as hail, rain, thunderstorms and tornadoes.

And maybe you would be less inclined to complain about the particular brand of weather you are enduring if you knew the services which the Weather Man provides. All along

Third Row (left): Storm clouds gather. (Right) A transmitter unit with a perforator or "iron horse" at the left and the teletype at the right. This unit is used for sending out reports to out-of-town points, maintains a 24-hour service, and has connections with all airports.

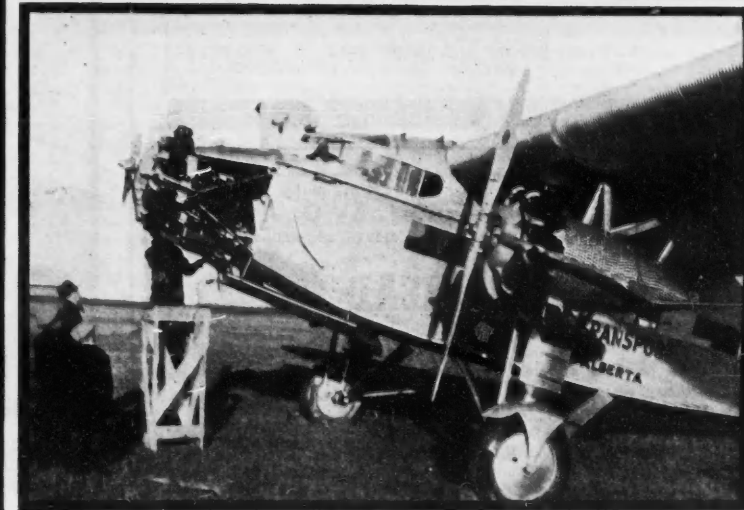
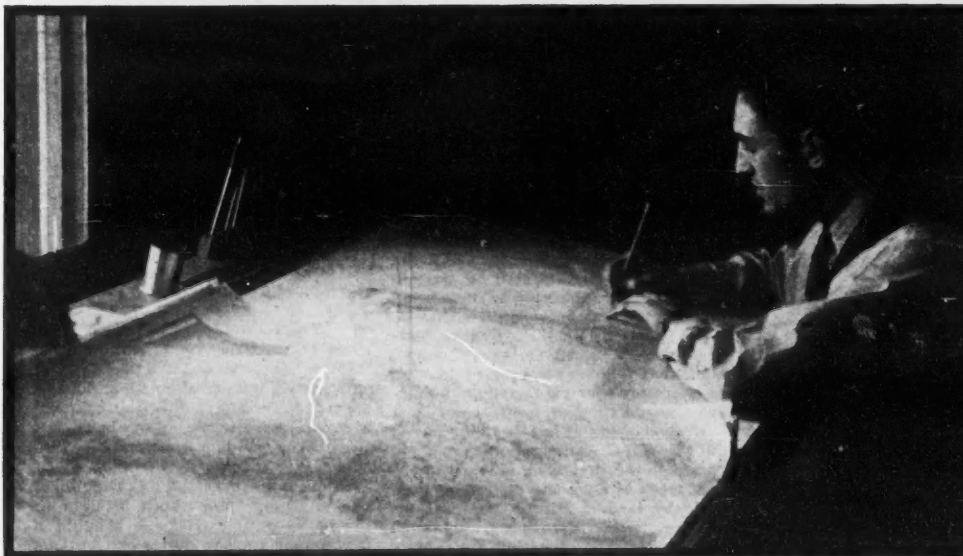
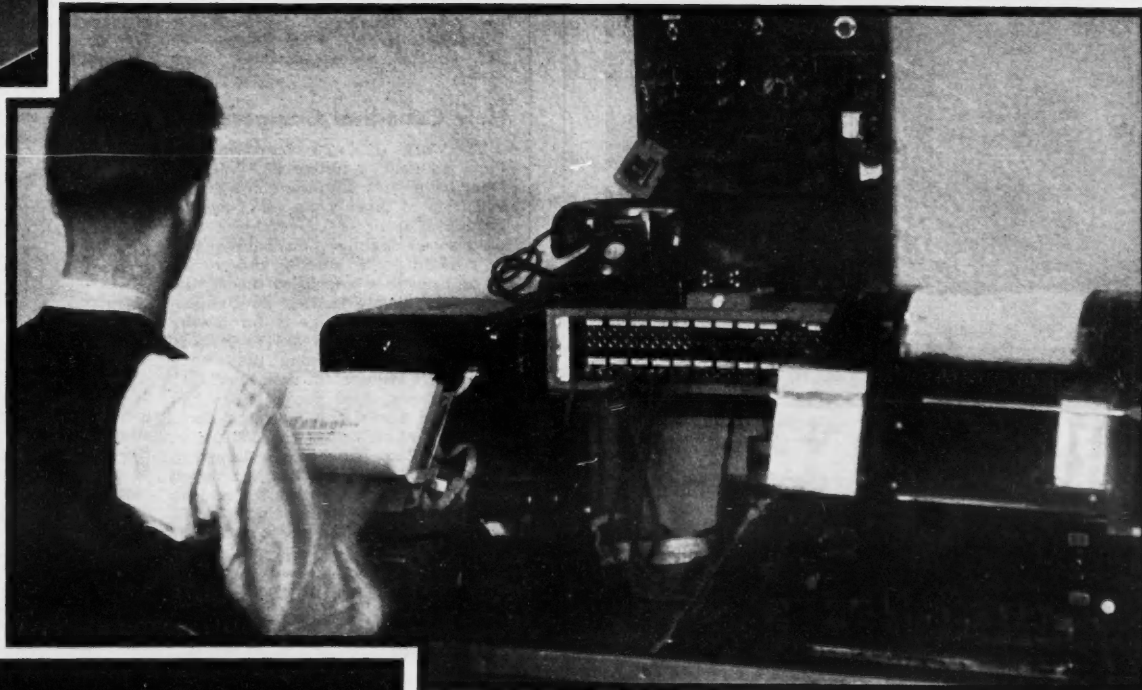
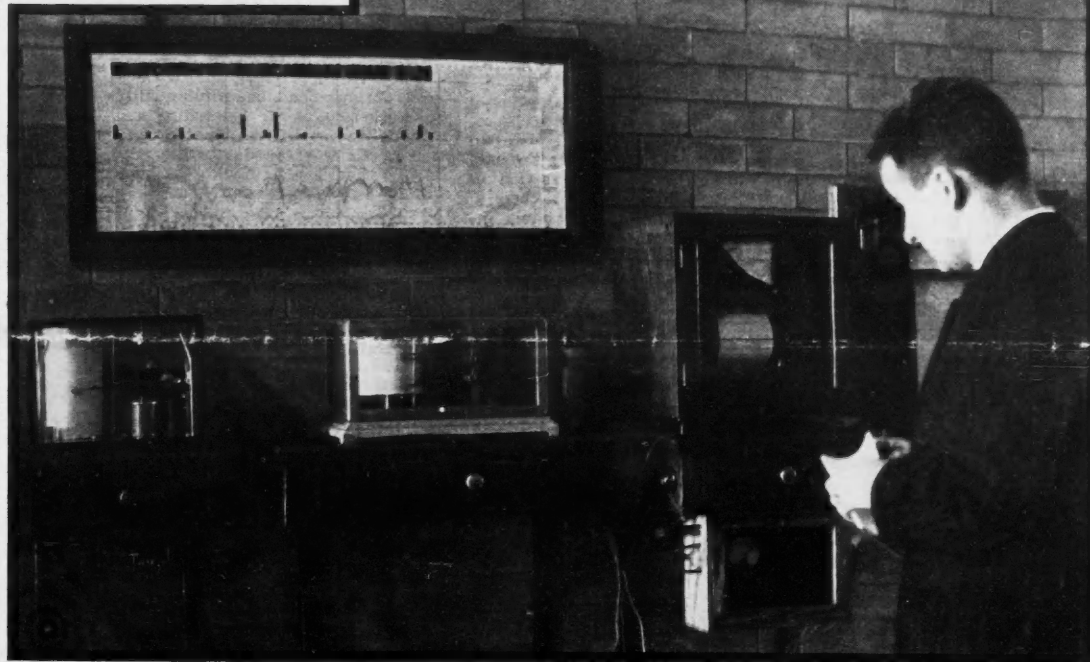
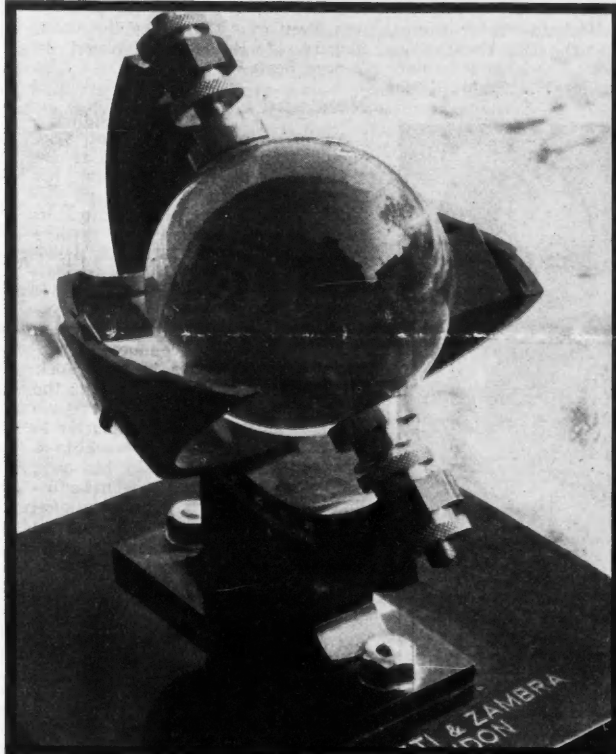
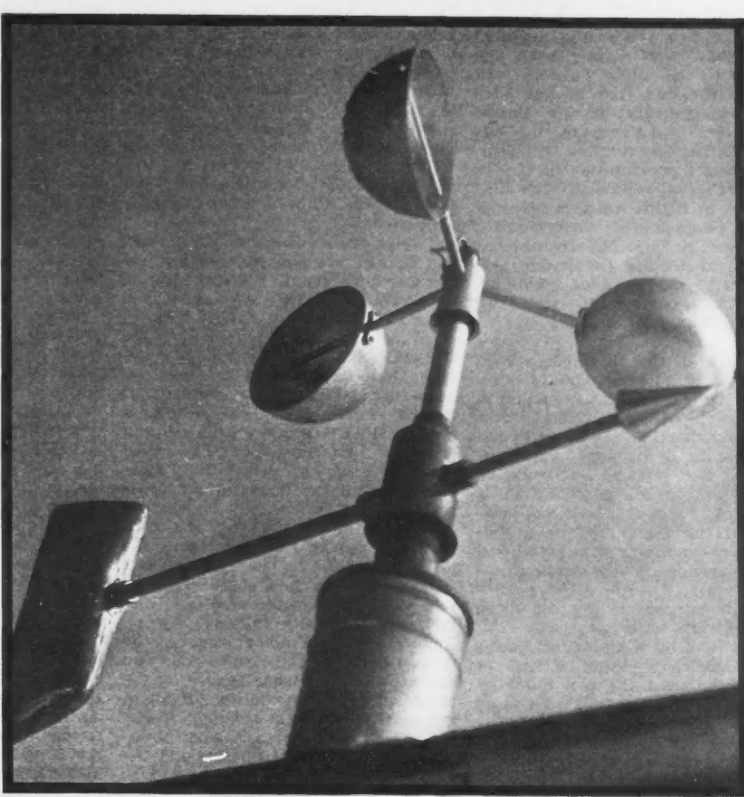
the Great Lakes and the Atlantic coast, signals are displayed warning fishermen of approaching gales; it was for this express purpose that the meteorological service was established. Then, weather forecasts go to all principal cities and are distributed to companies in whose operation the weather plays a big part.

And there are special local weather broadcasts. In Nova Scotia, fruit growers are advised as to the best time for spraying. In the Okanagan Valley in British Columbia frost warnings are given so that fires can be built to combat it; this service saves the farmers money, for fires are ex-

Fourth Row (left): Analysing upper air reports on "upper air maps" and charting the currents which exist at high levels in order to determine the weather probabilities. (Right) As important to the aviator as the condition of his motor is the weather he is likely to encounter along his route; to-day no plane takes off on a scheduled run without complete weather reports of all points along the route.

pensive and so is the loss of a season's harvest. And in heavily forested areas weather conditions are important; for it is imperative that rangers know if fire hazards are likely to increase or diminish at given periods.

(Continued on Page 24)





# MUSICAL EVENTS

## The Eastertide Music

BY HECTOR CHARLESWORTH

FOR about fifteen years the most important Eastertide event in Toronto has been Sir Ernest MacMillan's annual presentation of the greatest of all works of its kind, the "St. Matthew Passion" of John Sebastian Bach. For five years also Reginald Stewart has been giving, with the Bach Choir, "St. John Passion," but owing to the fact that he has been filling engagements in the United States, since mid-February, the latter production was omitted this year.

Sir Ernest's presentation of the St. Matthew Passion is probably the most important in North America, because no other conductor has been doing it continuously so long. Moreover he has the unusual faculty of rousing his chorists to the pitch of emotional excitement necessary to give full value to dramatic episodes in the work.

The status of the St. Matthew Passion has been most succinctly summarized in the "Oxford Companion to Music" as "by general consent, technically, emotionally, devotionally the greatest work of its kind ever written." The best tribute that could be paid to last week's presentation is to say that it provided complete realization of the work's unique grandeur. It was not flawless in detail, but taken as a whole, it was vital and inspiring.

I have been asked to say something of the text and its origins. The German text was by a friend of Bach's named Henrici, a postal official of Leipzig, who used the pen name of "Picander." The English translation has been several times revised. The version used by Sir Ernest was made by Sir Ivor Atkins and Sir Edward Elgar, who brought it into conformity so far as possible with the scriptural phraseology.

Since Sir Ernest first presented the "Passion," many eminent singers and musicians have collaborated. Three of the "originals" participated last week: Prof. Healey Willan, who played the "continuo" on the piano, George Aldcroft, baritone, Frank Blackford, concert-master of the second orchestra, Elie Spivak served in the same capacity with the first orchestra, and Frederick Sylvester was at the organ. Listeners may have noted that the accompaniments of the utterances of Jesus are entirely on the strings.

Bach used this device to differentiate them from the other passages in which various wind instruments are used with unique effect. The strings were notably fine on this occasion; but in the wind sections there were a few catastrophes.

The Conservatory Choir was well-balanced, splendid in volume, and magnificent in expression. The warmth and brilliance of its singing raised the emotions of listeners to a high pitch. The lovely music for the "Ripieno" chorus, provided by women's voices from the choir of Bloor Street United Church, was beautifully sung.

Twelve vocal soloists were used, and the sensation of the evening was the Canadian tenor, William Morton, as the Narrator. He gave a great deal of emotional variety to his text, in an impersonal way. Twice he gripped the emotions of his hearers in a degree that has marked no previous rendering here; at the moment of Peter's denial, and at the death of Our Lord. His tones were pure and beautiful, and his diction and vocal coloring supremely fine. Mr. Morton will sing the Narrator at Montreal in May, in a production under the baton of Dr. Wilfrid Pelletier. George Lambert as Jesus showed a marked advance on his rendering last year. He has a fine appealing baritone voice, a sound and admirable diction, and sang with spiritual dignity. Among the ten minor soloists, the women outshone the men in tone and expression. They were headed by the contralto Eileen Law, always noble in this work. Elizabeth Brennan, Muriel Scheerle, Jean Rowe and Alice Rowe Harkness also sang with taste and distinction. One of the bass soloists was inaudible and Reginald Heal, a refined and intelligent tenor, had bad luck with the orchestra. Excellent singing was provided by Adolf Wantroff and Eric Treadwell.

### Honegger's "King David"

One of the most novel of the Easter Sunday programs was a broadcast performance of Arthur Honegger's Symphonic Psalm, "King David," presented in Montreal under the direction of Jean-Marie Beaudet, with a choir of fifty voices and full symphonic orchestra. Originally composed as in-

cidental music to a drama by René Moraz, it was first performed in the composer's ancestral Switzerland eighteen years ago. The music was more important than the play, and won so much praise that Honegger decided to turn it into an oratorio. The score, originally composed for a small theatre orchestra, was expanded to symphonic dimensions and in this revised version was first performed in Paris in 1923. Two years later it was given its American première by the Society of Friends of Music at Town Hall, New York, under the baton of the late Artur Bodansky. In Mr. Beaudet's presentation at Montreal, the Narrator was the noted interpreter of biblical roles, Rupert Caplan, and the soloists were Gabrielle Parrott, Eugénie Havard and Pierre Vidor.

Two really beautiful Good Friday programs were heard over the national network on the evening of Good Friday. From Toronto the C.B.C. Singers under the able choral director Albert Whitehead sang a sacred program much more distinguished and difficult than is usually heard on the air. The chorus is singularly fine in tone and balance, and almost unique in diction and expression. Among the works given was a lovely "Sancta Maria" by the old Flemish composer, Archidelt. Admirable examples of polyphonic singing were liturgical works by Palestrina and Byrd. How interesting early plainsong can be made was demonstrated in "Vexilla Regis" arranged by Sir Richard Terry. Two choruses from Bach's "Matthew Passion" were sung with exquisite feeling; and other notable offerings were Brahms' "How Beautiful are Thy Dwellings" and S. S. Wesley's "Lead Me Lord."

From Montreal Jean-Marie Beaudet broadcast an exceptionally fine presentation of Rossini's immortal "Stabat Mater." An admirable choir trained by Victor Brault was heard, and the quartet of soloists could hardly be bettered in this type of music. Violette Delisle, a soprano with a voice of large and beautiful quality was impressive in "Inflammatus" and perhaps the most memorable episode of all was the duet "Quis Est Homo" which she sang with the glorious alto, Anna Malenfant. The basso Gerald Desmarais gave a superb rendering of "Pro Peccatis" and the tenor Jules Jacob sang "Cujus Animam" with appealingly lyric quality.

The Hart House Quartet recently gave its final public concert for the season in Toronto but is continuing on the air. Its program was colorful and interesting. The only classic was the Brahms Sextet in B flat Major, with James Levey and Adolphe Koldofsky, violins; Milton Blackstone and Cecil Figelsky, violas; Boris Hambourg and Leo Smith, cellos. This was a partial union of the Hart House and Conservatory Quartets. With a group of such chamber musicians, the noble structure and beautiful details of the work were admirably presented. Another number was the rich and ingenious Quartet in D flat Major by the brilliant Hungarian composer, Dohnányi. As an interlude between the more massive compositions two of the quaint and delicious little pieces of H. Waldo Warner, for many years violist of the old London String Quartet, were heard.

### New Canadian Composer

The works of a new composer, William Haehnel, a native of Waterloo, Ont., have been winning considerable attention of late. Some years ago he graduated from the University of Toronto as an engineer, and subsequently decided on a musical career. At 27 he became a teacher of theory and began to devote himself to composition. He has no regrets for having devoted his earlier years to science, and thinks his training may have helped him. Chuhaldin with the C.B.C. string orchestra has played one or two attractive works from his pen. Samuel Hersenhoren, who specializes in original Canadian compositions in "Canadian Snapshots," has just played his "Rhapsody for Orchestra" and on the same program his setting of A. E. Housman's poem, "Loveliest of Trees," was sung.

Frances James, gifted Canadian soprano, who had the good fortune to win the praise of Their Majesties



THE TORONTO SYMPHONY'S FINAL CONCERT of the season was presented at Massey Hall on March 26th, when Elie Spivak (left), concert master of the Toronto Symphony, and Harold Sumner, principal of the second violin section (right), performed Bach's Concerto in D for two violins and orchestra.

at Banff last June, has been filling engagements at Montreal of late. On April 9 she will sing on a program arranged in connection with the Montreal Tercentenary, and will shortly afterward give a song recital for the Vermont Women's Club at Newport, R.I.

Three musicians well known in Canada gave a recital over the national network on March 24. They were John Goss baritone, Maria Marova, soprano and Bernard Naylor pianist. Clermont Pepin the little French Canadian boy who was a prize winner in the Canadian Performing Right

Chorus of New Glasgow, N.S., the Clansmen Singers of Sydney, N.S., the Halifax Philharmonic Society, the Y.M.C.A. Orpheus Choir of Halifax, and the Male Choral Club, St. John, N.B. Other promised broadcasts are four by the Glace Bay Quartet, and individual recitals by Clayton Hare, violinist of Moncton, N.B., Portia White, soprano of Halifax, and Iris Copcutt, soprano of Yarmouth, N.S. Last week a capital choral program was given over the air by the Scotia Singers of Halifax, conducted by George Scott-Hunter.

### Note and Comment

An all-women orchestra of symphonic scope, to be known as the Montreal Women's Orchestra, has been organized by a well-known violinist of that city, Ethel Starke. Its numbers have reached forty with a good representation of brass and woodwind. Miss Starke is steadily increasing its numbers and hopes to give a concert in the early summer. Before returning to her native Canada a few years ago she conducted a women's radio orchestra in New York. In one of its recent broadcasts the Hart House String Quartet gave Frank Bridge's "Bologna" Quartet in E minor. It is his first work in a form he afterward made his own, and so-called because it won honorable mention at a great international festival held in Bologna in 1906 when the composer was a young viola player.

The Men's Musical Club of Winnipeg gives an annual concert devoted to music composed by club members and other Winnipeg musicians. This year the composers represented were Barbara Pentland, John Melnyk, George Bowles, Chester Duncan and Hugh Bancroft. In addition, compositions by Benjamin Britten, the



FLORENCE GLENN, soprano, who sings at the Heliconian Club, Toronto, on April 12th.

Society's competition in 1938, has been working on composition ever since. He is now in his 14th year. Three of his pieces, all charming in quality, "Minuet" and "Sonata" for piano and a song, "Un Peu de Silence," were used by Samuel Hersenhoren on his broadcast last week.

William Morton, the brilliant Canadian tenor, has been in New York since January and is singing from Station WJZ with Paul Barron's orchestra. Joseph Victor Laderoute, another Canadian tenor of rare gifts, has been engaged to sing the tenor role in a revival of Handel's "Israel in Egypt" by the New Friends of Music, at Carnegie Hall, New York, on April 14.

### Radio and Piano

The Tuesday Piano Recital series broadcast from Toronto is bringing forward several very interesting Canadian artists. Last week Margaret Brown, one of the most distinguished of our younger pianists, played a delightful program in which the Mendelssohn-Liszt "On Wings of Song" especially revealed the beauty of her touch and her subtle rhythmic appeal. This week the child prodigy, Marion Grudeff, born in Toronto of Bulgarian parentage, played with brilliance a program in which she proved that Liszt and Saint-Saëns have no terrors for a twelve-year-old child who knows how to face them.

Frederick Newnam, brilliant baritone singer and all-round musician, has just been appointed organist and choirmaster of St. Andrew and St. Paul's Church, Montreal, long celebrated for its music. Mr. Newnam has had a notable career in Canada. He was brought from London in 1927 to take charge of music at Acadia University, Wolfville, N.S., and in 1933 joined the staff of the Halifax Conservatory of Music. He was one of the very first singers selected by the old Canadian Broadcasting Commission for the national network. In 1935 he was appointed to the staff of the University of Western Ontario, London, and for five years has been in demand as an oratorio singer throughout Eastern Canada.

A choral series has been arranged on the C.B.C. Maritime network—to run from the first week of April to the first week of June and embracing concerts by leading choral organizations in five cities. Two programs each will be given by the Caledonia Male



CHARLOTTE LOCKWOOD, the eminent American organist, heard in recital at Eaton Auditorium, Toronto, on March 30.

brilliant young English musician who spent part of last summer in Western Canada, were included.

Poul Bai has recently organized a group of singers at Barrie in association with his Toronto studios. Recently they gave an operatic concert there with scenes from "Hansel and Gretel" and "Pagliacci" and numerous arias from other works.

### COMING EVENTS

THE sensational Jooss Ballet, internationally famous since suddenly skyrocketing to success with the startling choreography of "The Green Table," will appear at Massey Hall on Wednesday evening, April 3, when two entirely new dance dramas will be elaborately presented by an outstanding group of forty European dancers. These are "A Spring Tale," a romantic ballet in four parts, and "Chronica," a dance drama in three acts.

Not since the days of Diaghileff had anything "new" been brought to the ballet until Kurt Jooss brought a new importance to dance conceptions



## STUDY BY Violet Keene

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**ALEXANDRA**

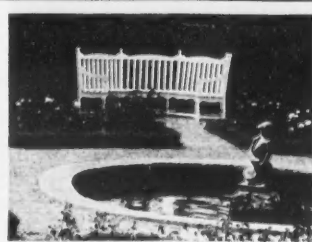
ONE WEEK beginning  
**MON. EV'G. APRIL 8**  
MATINEES: WED.-SAT.

HERMAN SHULMAN presents  
**TALLULAH BANKHEAD**  
IN  
**"THE LITTLE FOXES"**

LILLIAN HELLMAN'S Dramatic Triumph  
with PATRICIA COLLINGS • FRANK CONROY  
DIRECT FROM ONE YEAR IN NEW YORK—BROADWAY CAST INTACT  
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Even.: \$1.00, \$1.50, \$2.00, \$2.50; Mats.: (Wed.-Sat.) \$1.00, \$1.50, \$2.00  
BOX OFFICE SALE OPENS MONDAY, APRIL 1st.



PAUL WHITEMAN, who comes to Massey Hall on Tuesday evening, April 9th, with his orchestra and new all-star revue.



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Designed,  
Constructed,  
Planted**

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RUNNERLESS  
STRAWBERRY**

**BARON SOLEMACHER.** This greatly superior variety produces the largest berries from seed of any variety. Flowers eight weeks from seed. Easily grown. Does not have runners but produces great quantities of finest fruit throughout the season. Has the delicate flavor of the best of wild strawberries. A showy pot plant and fine for garden. Plant now. Order direct from this advertisement. (Pat. 250) (8 pints. 45¢) Postpaid. **FREE—OUR BIG 1940 SEED AND NURSERY BOOK—Better Than Ever**

**DOMINION SEED HOUSE, GEORGETOWN, ONT.**

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**FRENCH SUMMER SCHOOL**  
June 27 - August 9

The McGill Summer School is a long established school. Its courses of study are of university standard for undergraduates, teachers, and graduate students who are working for the McGill M.A. degree; others qualified to take the courses are welcome. Certificates show equivalent semester hours for university credit.

Co-educational. Residence in new Douglas Hall. French staff, French spoken at all times. Conversation and practical work with the language in a natural French atmosphere. Fee (tuition, board and lodging), \$180.00.

Write today for booklet—  
Sec'y, French Summer School,  
McGill University, Montreal, Can.  
Address Dept. C.

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SOUKAT

protects the skin from sun and wind on the golf course. That dried up feeling disappears. A complete, beautiful cream for day and evening events.  
White, Flesh, Ruddy, Sun-Tan

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Write Harvey Clare, M.D.,  
Medical Superintendent, Homewood Sanitarium,  
Guelph, Ont.

with his "Green Table" satire on the League of Nations. Stemming from the sinister dance macabres of the past, that spine-chilling picture of War revealed the brilliant technique of Jooss in presenting gripping dramas told without words on stage. Iconoclasts of the dance, the Jooss Ballet have freed themselves from the limitations of "classical" ballet. They spurn the "star system," they have resolutely turned their backs on "toe work," and they scorn the seductive "charm" of the traditional ballet, preferring to stress the virility and drama they have shown it is possible to incorporate in this art-form.



## FILM PARADE

### It Was a Full Week

BY MARY LOWREY ROSS

THE only producer in the world that Walt Disney has to compete with is himself, but that makes pretty stiff competition. If "Pinocchio" seems less astonishing in its inventiveness and charm than "Snow White" it may be simply because "Snow White" came first. The "Pinocchio" creatures—Jiminy Crickets, Figaro the Cat, Cleopatra the coy goldfish, and Pinocchio himself—are even more endearing than the "Snow White" characters; and in the creation of Giddy and J. Worthington Foulfellow, two strolling ham actors, Disney has added effective satire to the rest of his amazing repertoire.

Basically "Pinocchio" isn't as good a story as "Snow White" and the Seven Dwarfs." "Snow White" was sturdy time-tested folk material, and "Pinocchio" occasionally has an air of being improvised out of any improbability that came to hand. The result is that certain passages—particularly the "Pleasure Island" sequence and its introduction—are the best Disney, even if they are well above the standards of lesser artists.

The opening however in the old wood-carver's toy-shop amid all the miraculous toys and clocks is Disney at his best. So is the puppet-dance and the sequence showing Pinocchio's rescue from the Showman's cage. The undersea scenes depicting the struggle with Monstro the whale are magnificent and absurd and pictorially splendid. On the whole there is more violence and less terror here than there was in "Snow White." But there is almost everywhere the same affection and beguilement, and the moral lesson—to be unselfish, brave and truthful—is set forth in such persuasive terms that it ought to make better creatures of all of us. Altogether Walt Disney has provided us once more with a film in which every age from seven to seventy can find its own happy level of entertainment and satisfaction.

"Those red hellions have been scolding our women, braining our children, and roasting our men over slow fires for five years" declares Ranger Rogers in setting forth his case against the Abanaki Indians in "Northwest Passage."

These early fighters, you gather were a tough lot. But none so tough as Major Rogers (Spencer Tracy). To avoid attracting the attention of a French sloop anchored on Lake Champlain, he has his men drag twelve heavy whale-boats over high wooded hills—which they do amid such cries, groans, shouts of encouragement and wild bursts of orchestral music, and such profound inattention from the enemy that you could only think of Major Rogers as a man who liked to do simple things in complicated ways. Arriving at the end of this prodigious portage,

the boys let off a powder keg with a roar loud enough to reach Quebec. ("Just the Ranger boys playing Indian," the French probably murmured, turning over in their bunks).

For two hours and ten minutes the boys went on playing Indian. Ranger Rogers forces his men to march waist-deep through mosquito infested swamps, he makes them form a human chain to get across an impassable river, he has them raid an Indian village, burning and slaughtering, only to discover that the enemy has fled with all provisions, he forces his company to march ten days on a few kernels of corn and a morning pep-talk, he makes his lieutenant (Robert Young) walk 150 miles with a bullet in his stomach.

All this furious activity takes place in the absence of any enemy (except a number of badly plastered Abanaki who have been on an all night pot-latch) or any motivation (all reference to the discovery of a Northwest passage is dropped after the opening sequence). The odd thing about "Northwest Passage" is that it doesn't, as it very well might, look like a particularly fanatical display of boy-scout cross-country manoeuvres. It looks like the real thing. This is partly because of King Vidor's swift canny direction, but chiefly because of the superb acting of Spencer Tracy who makes Ranger Rogers a credible human being, tough, resourceful, indomitable, the sort of leader for whom men are willing to die, gladly and quite meaninglessly.

There's a great deal of talk about the invariable good taste of Deanna Durbin's pictures, but I can't really believe that this has a great deal to do with their success. It's hardly good taste for a young lady to push an agreeable admirer off the deck of a liner, as Deanna does in "It's a Date." And as a perfect example of bad taste I submit the following piece of banter between two well-bred worldly gentlemen in the same picture: "I've been reading up on my chess lately." "Oh, so you've learned to read have you?"

Taste or distinction of any kind has very little to do with making "It's a Date" the charming entertainment that it is. Deanna herself is the element that saves it and the only one that is necessary. Her voice is as phenomenal as ever and her acting skill increases with every picture. She's the daughter of a famous actress here (Kay Francis) and presently she emerges to her daughterly dismay as her mother's professional rival. She plays the role for its comedy as much as for its sentimental values; and her sense of comedy seems to be as sure and astonishing as all her other gifts. Lucky Deanna! And lucky Mr. Pasternak!



TALLULAH BANKHEAD, who needs no introduction, in a scene from "The Little Foxes," at the Royal Alexandra Theatre, Toronto, the week of April 8th.

Luella Gear, Mr. Clark's admirable lady partner, Marion and Hall, comedians, Carmen Miranda, who is wisely confined to a single South American parody number but does it brilliantly, and a magician named Hoffman. But there are several items among the smaller-type people who in my opinion, and apparently in that of a large part of the audience, contributed quite as much as these to the general gaiety. The dance team of Jo and Jeanne Readinger, the three singing Hyllton Sisters, an amazing and exquisitely comic acrobat who calls himself Ben Dova, the vaudeville musicians Ward and Van, and the singing comedienne Yvonne Bouvier are all important members of the organization, and are used to excellent effect.

These kind words should not be interpreted as meaning that all of the comedy business is new or that all of the music is brilliant. Much of Mr. Clark's stuff is done every week in the local burlesque house, the only difference being that there is not well done. The music, mostly by Jimmy McHugh, is catchy at its best and noisy and empty at its worst, but manages to maintain a certain hypnotic quality even at its noisiest. The staging of the dance ensembles by Robert Alton, who has a knack of keeping the stage full of whirling movement without ever making it look cluttered or confused, is one of the chief reasons for the show's success. The chorus wears perhaps a little more than the ordinary allowance of costume, but much of it is more than ordinarily transparent. There are about twenty really lovely girls, and most of their loveliness is entirely visible to any studiously attentive eye.

In cultural values the show is definitely inferior to Mr. Maurice Evans's "Hamlet," but I hope it will be a long time before I am unable to appreciate anything but cultural values on the stage.

#### COMING EVENTS

PAUL WHITEMAN, who raised popular music to the status of an international art and has proved in the past two decades that the style he created was no transitory fad, comes to Massey Hall on Tuesday evening, April 9, with his or-

chestra and his entirely new all-star revue. This will feature Joan Edwards, song-bird of the Chesterfield Hour; The Modernaires, novelty boys' vocal quartet; Bob Hanson, baritone; Marquita, the sensational Conga dancer; and Goldie, the King's 14 Karat Clown.

LADY MACBETH, the Borgias girls, Scarlett O'Hara and the rest of the gallery of literature's indomitable women would quiver and quail before the stern gaze of Regina Giddens, central character of Lillian Hellman's taut drama, "The Little Foxes," which comes to the Royal Alexandra Theatre for one week beginning April 8, with Tallulah Bankhead in the leading role.

Seldom in the history of the American drama has there been such a dynamic character, and never before in her career has the electric, languid-eyed daughter of Speaker William Brockman Bankhead had such a role. More than a decade ago Miss Bankhead had already won the acclaim of two continents but it remained for Herman Shumlin, producer of a long line of hits including "The Last Mile," "Grand Hotel," "The Children's Hour," and the current Broadway success, "The Male Animal," to visualize Miss Bankhead in the leading role of Miss Hellman's drama. His judgment has been enthusiastically vindicated not only by the professional dramatic critics wherever the play has been shown, but also by the many thousands of playgoers who have seen the play in its year in New York and its subsequent tour.

Appearing with Miss Bankhead in "The Little Foxes" is a company selected with great care and precision. Patricia Collinge and Frank Conroy head the supporting cast, which also includes Charles Dingle, Carl Benton Reid, Lee Baker, Dan Duryea, Eugenia Rawls, Abbie Mitchell and John Marriott.

Settings were designed by Howard Bay and costumes by Aline Bernstein, outstanding figures in their respective fields. Both have been warmly commended for their faithful reproduction of the homes and attire of the turn-of-the-century South about which Miss Hellman wrote "The Little Foxes."

## ART AND ARTISTS

### Landscapes Rich and Complete

BY GRAHAM McINNES

MOST landscape artists, in the course of their careers, come to be identified not only with a style of painting, but with a certain locality. Rare is the great artist who paints equally well in Zanzibar and Zorra, Ont. As artists develop they tend to narrow their field, but find in that field wider implications and deeper meaning. Cézanne at Aix-en-Provence, Constable on Hampstead Heath, Monet at Rouen all advanced their art in the compass of a few square miles. Looking at David Milne's current exhibition of "Landscapes, 1919-1927," at the Picture Loan Society, you feel that he found himself in the Berkshires and the Adirondacks; and that his later development has been largely a varying re-statement of what he discovered there.

In this little show, we have Milne at his richest and most complete. It may perhaps seem strange to speak of richness in connection with so precise and dry a painter as Milne; but these early landscapes are rich in understanding and in design if not in the actual texture of paint. Milne's later work has tended toward simplification; and what he has gained in

emphasis he has lost in breadth. Whether this represents progress is a matter of opinion. For me, these American canvases, and the later Palgrave paintings, combine warmth and precision to a rare degree. But Milne is unpredictable, and at any moment may turn out a little epigram in paint which is as perfect in its way as anything he has ever done. It is this that makes him one of the most original of our landscape painters.

A WELCOME publishing venture in these times is the series of "Iris Books," now being brought out by the Oxford University Press. The first three to appear here are: "English Watercolours" (\$2.50); "French Cathedral Windows of the 12th and 13th Centuries" (\$3.00); "Art of the Far East" (\$2.75). The reproductions and color photographs, which were made under the supervision of Dr. H. M. Zbinden of Berne, Switzerland, seem to me to reach a new high in richness and fidelity, and there is a generous number of them in each of these little folios.

"English Watercolours" contains twelve plates of work by Girtin, Cotman, Bonington, Constable and

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PARTICULARS FROM THE HEADMASTER.

Turner, Laurence Binyon, in a sensitive introduction, remarks that "the art of water-color has been practised more abundantly and successfully in England than in any other country of Europe." Certainly these exquisite plates bring home anew the extraordinary lyric beauty of the best English masters in watercolor. The luminosity of Girtin and Constable, the delicate patterning of Cotman's "Greta Bridge," Bonington's architectural landscape and Turner's magnificent atmospheric studies of Venice are as fresh and challenging as they were a century ago.

"French Cathedral Windows" is lavishly illustrated with 19 full color plates of stained glass at Bourges, Le Mans, Chartres, Poitiers, Sens and Amiens. "Jay" was ecstatic over the quality of this color photography, and I've never seen the incredibly deep blues, rich reds and lucent greens of medieval stained glass so miraculously reproduced. The plates were made direct from the originals, and involved over fifteen months of painstaking

work. The fidelity is so complete that you actually feel the light streaming in and the warm ruddy glow that fills the vast and awesome silence of a great cathedral. There is an informative introduction by Marcel Aubert, Membre de l'Institut.

The richness and variety of Medieval religious art is in striking contrast to the aloof and exquisitely simple "Art of the Far East." René Grousset, Curator of the Cernuschi Museum in Paris, insists in his preface on the essential difference between Eastern and Western art. In the West, man is the centre of the universe; in the East he is reduced to a mere atom in the ceaseless rhythm of the universe. Fifteen delicate reproductions of Chinese and Japanese water-colors bear this out. Man is no more than the lotus, the water buffalo, the lonely pine; any of them might become a Buddha. And this philosophy is expressed in simple patterns, deft strokes of pure genius, and the mysterious depths created with one sweep of the saturated brush.

## THE THEATRE

### It's All In the Stirring

BY LUCY VAN GOGH

IT is no use saying a great deal about "The Streets of Paris," the attraction currently running at the Royal Alexandra, for by the time this article is read it is most improbable that there will be any seats left unsold in that theatre for the rest of the week. Nevertheless it must be recorded that this is much the best musical revue that has come to Toronto in these many years. I cannot quite make out from the program who should be credited with its exceptional excellence. It is not the stars themselves; most of them have been here before, and have pleased us, but their previous shows have never left quite the same impression of general all-round amusingness. The real achievement this time is by the man who put it together, and except that he is somebody in the organization of "The Messrs. Shubert in association with Olsen and Johnson" I have no

further information about him. It may have been Mr. Olsen or Mr. Johnson himself. It may even have been an accident, and the show may have just grown, like Topsy; but I do not think so. Bad shows just grow, but good ones have to be made.

Bobby Clark, for example, has been here something like a million times, and each time I have felt that if he were on the stage another two minutes I should scream. Yet I doubt if he has ever before been on in more than six items, and this week he is on in seven, but they are so varied and he is so capable in all of them that there was not the faintest suggestion of there being too much of him. He ranges from the most extravagant knock-about to a very clever parody on a Noel Coward play, and he has first-class support in everything that he tackles.

The other large-type artists are



TWO ENTIRELY NEW PRODUCTIONS will be presented by the Jooss Ballet of forty dancers when this outstanding ballet ensemble appears in Massey Hall on the evening of Wednesday, April 3rd. These are "A Spring Tale," a romantic ballet in four parts, and "Chronica," a dance drama in three acts. Above is a scene from the latter.



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SATURDAY NIGHT

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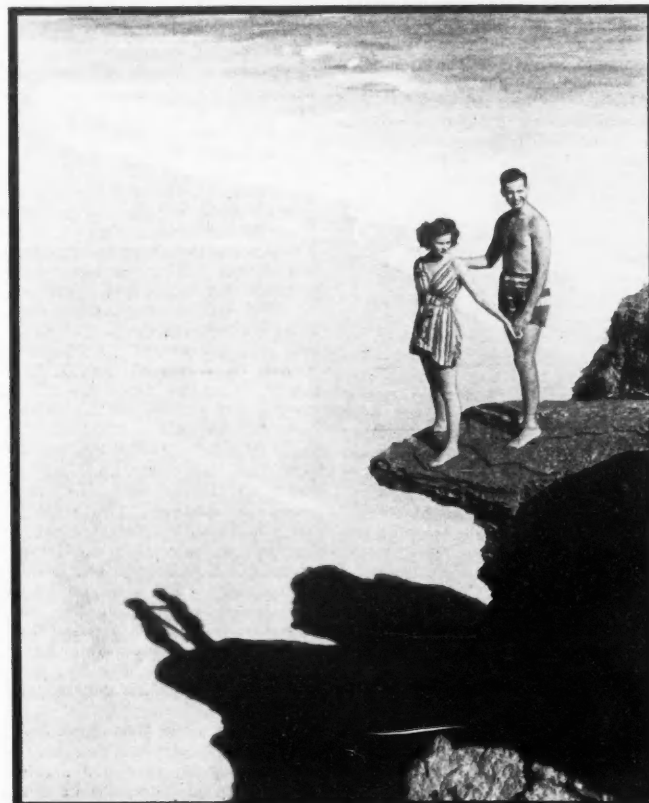
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—Bermuda News Bureau.

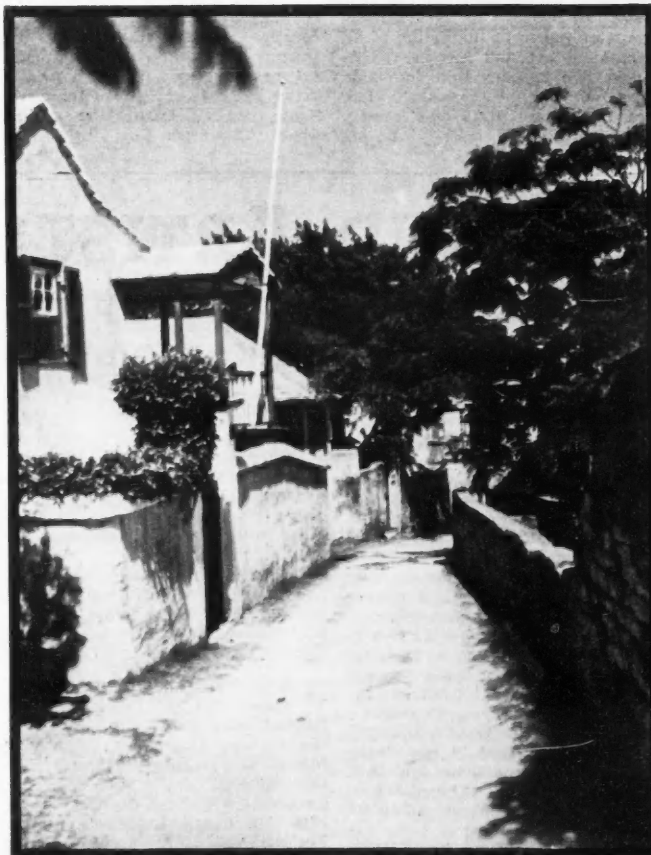
## PORTS OF CALL

### Gilding Bermuda's Easter Lily

BY WORTHINGTON PETERS



BERMUDA'S popular beaches are Coral and Elbow Beach in Paget and St. Catherine's Beach at St. George's, while along the south shore are scores of tranquil, secluded coves for those who demand more privacy while swimming.



A QUIET LANE in St. George's, Bermuda. Since late January, Bermuda's fertile fields have been growing whiter and whiter with the lily harvest and now great seas of blossoms roll over the islands. Field attendants must be alert to see that no trespasser wanders into their lily fields. And there is reason for this vigilance: for when the plants are coming into flower, the brittle green spikes which support the blooms are easily broken by inexperienced persons who might walk down the cultivated rows. To-day the lilies provide the islands with their solitary, two-"factory" industry—perfume manufacture.

—Bermuda News Bureau.

THIS is the season when the lily blooms in Bermuda. To anyone who has been to the Coral Isles at this time the mere words conjure up nostalgic memories—memories of acres of tall, dignified, white lilies perfuming every breeze.

Since late January the fertile fields have been growing whiter and whiter and now great seas of blossoms roll over the islands. One particular small field adjoining the Belmont golf course must hold nearly as many "sliced" golf balls as lily bulbs. And woe to the unfortunate or unskilled golfer who "dips" as he drives and puts his ball over the fence into the field. For the alert field attendant brandishes an ancient hoe at anyone who as much as feints at retrieving his ball. And there is reason for the lily grower's eternal vigilance: for when the plants are coming into flower the brittle green spikes which support the blooms are easily broken by inexperienced persons who walk down the cultivated rows.

#### About 1300 B.C.

According to horticultural authorities, the Easter lily was discovered in the Orient about 1300 B.C. There are several versions of the story concerning its introduction into Bermuda: some credit General Russell Hastings, Civil War veteran, who, it is said, brought several lily bulbs of the Larissi stock from the Liukiu Islands, south of Japan, in 1872; others assert that a humble little tailor, James Richardson of Hamilton, brought the first bulb with him from Europe. The important thing is that the rich red soil of Bermuda proved to be a natural habitat for the lily and soon Bermudians were shipping their bulbs and blooms throughout the world.

A few years after the lily made its bow in Bermuda, growers were to see their fields ravished by disease and insects which hitch-hiked into the country on Japanese bulbs. After a long fight under the leadership of Dr. Theodore Outerbridge the pestilence was eradicated; now a law compels rigid inspection of all imported bulbs.

#### Prize-Winning Flowers

Since the first bulbs were imported, Bermuda growers have concentrated on perfecting the quality of their stock. And in contrast to the mass-production of Oriental countries, Bermuda has become known for bulbs which will produce prize-winning flowers: they are taller, have more blooms per bulb, and are noted for their perfection.

Because lily roots are so tender and Bermuda's soil is so shallow, the lily fields are cultivated by hand and tended by the most primitive methods; such methods as were used on the earliest crops of the world.

Full grown lilies measure from 11 to 13 inches in circumference and it takes three years for them to reach maturity. Blooms appear in the second year, but it is not until the third year that they attain perfection. For shipping, the blossoms are cut while the bud is still unopened and are packed by a special method which combines careful boxing with artificial refrigeration. With proper care, they will last three weeks. To provide buds in season for Easter, the lilies are usually planted between the first of August and the end of October; although they may be set at any time during the year because of Bermuda's year-round equable climate.

#### Snow White Harvest

The export and tourist trades are not the only reasons for Bermuda's snow white harvest. In recent years

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#### TRAVEL NOTE BOOK

##### Indian Utopia

On the San Blas Islands, about 80 miles off the coast of Panama, lives a race of Indians who have kept their blood strain very pure and whose code of living is harmonious in the extreme, for there is no incentive for one to possess more than another. Originally the San Blas Indians came from the Pacific side of the Isthmus seeking better living conditions. Now they live in spotless cleanliness in palm-bark-thatched houses and work on the mainland cultivating rice and bananas which, with fish, constitute their diet.

Although the Panama government has established administrative quarters on one of the islands, the Indian laws and customs are never interfered with: each island has a chief who is elected, who is paid \$20 per month by the government and who must look after the well-being of his islanders.

muda lily farmer considers it his privilege to save his most perfect blooms for his parish church altar and just before Easter his cart, laden with fragrant produce may be seen winding its way churchwards along roads lined with waxen-white blooms.

And now Bermudians have discovered a unique use for the graceful white blooms: they decorate wedding cakes with them.



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### Will You Dine With Us?

BY JANET MARCH

WHEN in doubt ask them to dinner—even though you have to look for a free night like a needle in a haystack of maid's nights-out, concerts and meetings. About this time of year organizations grow desperate and start meeting at night and the charms of your own fireside are held contemptible beside the needs of the under-privileged. There's a question too—who is under-privileged? The person who never has free time to sit down with a novel or the one who hasn't ten cents for a library card to get a novel out? Both are left without benefit of what is said to be an escape mechanism which sounds more like a means of quick exit from a burning building than a little simple enjoyment.

If you do hold out and refuse to attend the evening meeting just as you have tuned in on an old favorite like "Information Please," poked the fire, patted the dog and pulled your knitting out of its bag, the chairman of the committee telephones and holds you giving your opinion or more likely listening to hers, while with the other ear and two-thirds of your brain you try to beat the experts on a little matter of Shakespearian quotations. "Yes, yes," you say, "I think she should resign, she can do no good with that antagonistic feeling so evident. I think it's Hamlet."

"What?"  
"No, you must have misunderstood me. Hah, Adams is wrong for once."  
"What? Well call me tomorrow."

I always like to sleep on these problems."

At that moment the morning looks like a beautiful windswept desert free for long hours of consideration of organization troubles.

Probably a resentful chairman will dig you out of the hair-dresser's or chase you around the cases in a chain store to get that opinion which your mind has never lingered on for a split second since last night's telephone call.

Anyway if you have people to dinner you can refuse to answer the telephone. Let the Government conduct the war in all its phases for one night and put your attention on pure sociability.

Oysters on the Half Shell

Cream of Chicken Soup

Spring Lamb

Green Peas New Potatoes

Apricot Croutons

Coffee

Those R-less months are creeping up on us oyster-lovers, and an old superstition dies hard, even though important people keep on telling us that it's quite all right to eat oysters in any one of the twelve months of the year.

**Cream of Chicken Soup**

Take equal quantities of chicken broth and milk, heat together and



NAVY AND WHITE MEET in the spirited leaf pattern of this simple and attractive mousseline frock—a French original. Folds of navy and white grosgrain ribbon form a jabot-like bow at the neck, and again the navy is repeated in the ribbon belt.



LE MONNIER PUTS A DENT IN THE BACK of this interesting version of the Breton sailor of green felt faced with parma violet.



MISS LORNA DEWAR, daughter of Mr. and Mrs. Gordon Campbell Dewar, of Toronto, whose marriage to Mr. Edward D'Arcy Proctor, son of Mr. and Mrs. A. H. C. Proctor, will take place on April 6 in the Chapel of Bishop Strachan School, Toronto.

—Photograph by Ashley & Crippen.

add cooked rice, some rich cream, and salt and pepper to taste.

**Spring Lamb**

This delicacy still comes pretty high, but before too long it will be more reasonably priced, and be at least possible for a party menu, if not for every-day family dinner. Of course you must have green peas served with fresh mint, and mint sauce and little new potatoes with parsley and butter. Follow this up with a green salad, unless you are entertaining Britishers, in which case a savory at the end is the thing—Welsh Rarebit—anchovy toast—or any of the usual things.

**Apricot Croutons**

Cut ½-inch slices of bread into crustless dice and fry them until they are crisp and golden brown. Pile them on a dish and pour on hot apricots stewed and strained into a purée. On this, in turn, pour a syrup of sugar flavored with Madeira and cooked for ten minutes. Serve with whipped cream.

**Cream of Almond Soup**

Crab Soufflé

Chicken Pilau  
Corn and Peppers Potato Chips

Pineapple Ice

Coffee

**Cream of Almond Soup**

½ cup of blanched toasted almonds  
½ cup of chopped mushrooms  
½ cup of cream  
3 cups of thin white sauce  
2 tablespoons of sherry  
Salt and pepper.

Make the sauce and season it with nutmeg, cayenne, salt and pepper. Sauté the almonds and the mushrooms in a little butter and add them to the sauce. Whip the cream, and add to it a teaspoonful of powdered sugar and two tablespoons of sherry. Just before serving fold in the cream. The soup must be just on the boiling point to offset the coldness of the whipped cream, for soup that isn't hot is definitely not worth eating.

**Crab Soufflé**

2 cups of milk  
4 tablespoons of flour  
4 tablespoons of butter  
Salt and pepper  
4 eggs  
2 cups of cooked crab meat.

Make a white sauce with the butter, flour and milk, season with salt and pepper. Stir in the four beaten egg yolks, and two cups of crab meat. Beat the four whites very stiff and cut them in. Put in a buttered baking dish and oven poach for about forty minutes.

**Chicken Pilau**

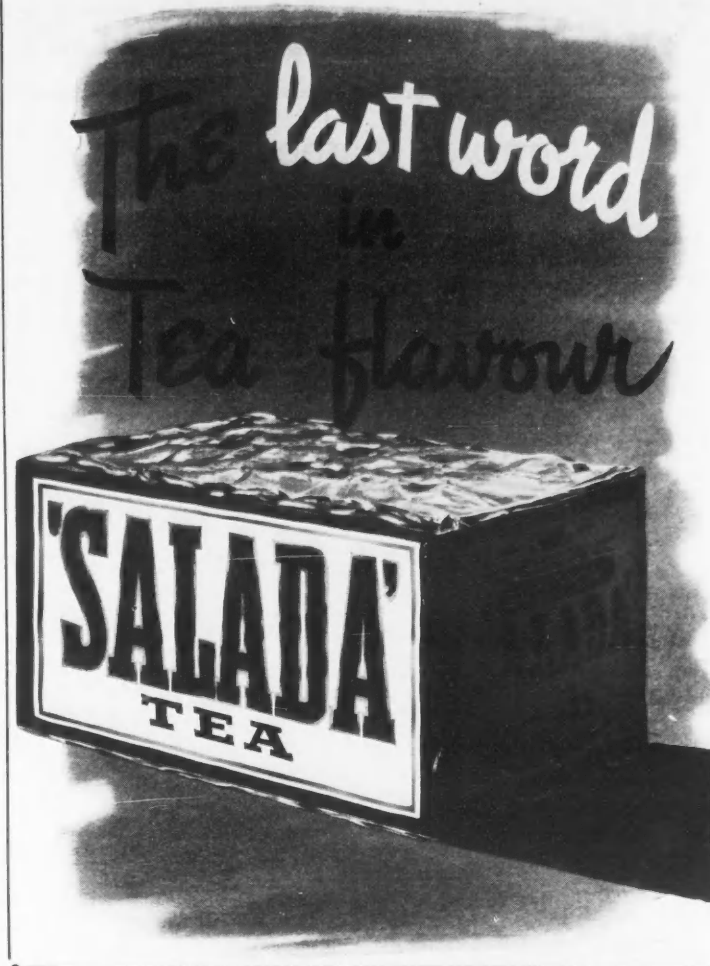
This is a Southern recipe and calls first of all for a good sized chicken. Cut it up and put it on to boil with enough water to cover the pieces, in a pan with a tight fitting lid. Simmer until the chicken is tender and then take the pieces out of the pot. There should be about six cupfuls of stock left. To this add one and a half cupfuls of washed uncooked rice and cook until the rice is tender. Next take about a third of a cup of butter, melt it and add a cup of chopped celery and a little onion and sauté them together. Beat up the yolks of three eggs and mix with a few spoonfuls of the stock the rice cooked in, then stir in with the rice and add also the celery and onion, and the pieces of chicken, and cook for five minutes until everything is good and hot. Serve with dried figs stuffed with almonds and dates stuffed with pecans.

**Corn and Peppers**

Mix one chopped green pepper with a can of corn. Add half a cup of thin white sauce, sprinkle with grated cheese and bake till brown in a moderate oven.

**Pineapple Ice**

Scoop out the insides of a fresh pineapple, and put the shell in the middle of a dish surrounded by the bits of fruit which you have removed. Fill the shell with ginger ice and sprinkle with grated candied ginger.



## IN THE GARDEN

### Annuals For Generous Bloom

BY PETER BURTON

OF COURSE, you need a "cutting garden"—every true garden-lover does! For, naturally, those of us who revel in our gardens by day want to enjoy them indoors by night and at meal-hours in the form of bouquets—artful in arrangement, colorful and fragrant—fresh from the out-of-doors. That in itself really is an excellent talking point on behalf of annuals, since they are particularly generous in bearing quantities of gay blooms for indoor decoration.

Annuals, though, have other points to recommend them. First of all, most of them are very easy to grow and quick in their response. Then, as another commendation, they are virtually endless in variety of color, height and form. That variation so increases their usefulness that they may be planted successfully by themselves *en masse*, used to supplement the sometimes-lagging bloom of perennials, or interspersed with vegetables in the kitchen garden to relieve the monotony of long rows of useful but not especially decorative food-providing plants, which are likely to have a more and more prominent place in all our gardens as the war goes on (just as they did during the years of the Great War).

ANNUALS have still another big claim to attention: they simply are in a class by themselves when it comes to cloaking the gardens of summer cottages with beauty quickly and effectively. Think how the flare of brilliant marigolds, the flash of bright petunias, the flame of ruddy-gold and yellow nasturtiums would transform even the most primitive of summer haunts, and you surely will have an entirely new picture of what annuals can do to make any garden spot more appealing to the eye.

And what, by the way, brought marigolds, petunias and nasturtiums to mind? Probably some dim nostalgia for their summer beauty, now when winter lingers in the lap of spring. Apart from that, though, is the recent discovery that each of these old favorites has new varieties for the garden of 1940.

In marigolds, for instance, there is the Ferdinand—a distinct novelty, with a crested centre of gold-yellow tubular florets surrounded by a single row of mahogany-red guard petals, the stems fully one foot long, and thus

ideal for cutting. Then, there's the Little Giant marigold, the orange-hued flowers fully four inches across, borne on plants fifteen inches high—a welcome and important novelty!

Petunias—year after year they bring surprises, ringing changes on the well-remembered old varieties! This year is no exception; for the petunias are here in force with interesting novelties, of which Hollywood Star perhaps is one of the most notable. True to its name, it is distinctly star-shaped—and it comes in various shades of pink. Cream Star is another petunia of starlike form, a cream-colored star as an over-lay on a white background. Glow is still another new petunia, dwarf and ball-shaped, free-flowering, its blooms a soft rose-red in hue.

As for nasturtiums, there also are some interesting novelties, of which the dwarf double Primrose Globe and the Scarlet Globe are notable. True to their names, these two new nasturtiums bring soft primrose yellow and fiery scarlet to the 1940 garden. Dwarf double Golden Gleam—distinguished by a sweet scent—is another novelty in the nasturtium family.

NOW, to stress annuals as the most useful of our garden flowers, here are suggestions that may help to solve some of your own garden problems:

For edges and borders—Sweet alyssum, dwarf nasturtiums, lobelia, dwarf marigolds, ageratum and forget-me-nots.

Long-stemmed for cutting—Asters, calliopsis, scabiosa, cosmos and salvia. Short-stemmed for cutting—Marigolds, calendulas, sweet peas, snapdragons, annual chrysanthemums, sweet sultans, gypsophila and bachelor buttons.

For fragrance—Mignonette, nasturtiums, nicotianas, sweet peas, heliotrope, stocks and datura.

For masses of color—Calendulas, verbena, aster, poppies, petunias, marigolds, zinnias, phlox Drummond, stocks and salvia.

For shady places—Pansies, forget-me-nots, musk plant (really a tender perennial) and impatiens.

For sunny situations—Portulaca, sunflowers, petunias, heliotrope, annual gaillardia and balsam.

For light or poor soil—Clarkia, poppy, zinnia, nasturtiums, portulaca and godetia.



IN THE JAPANESE GARDEN of the Dunsmuir estate in Victoria, British Columbia, massed rhododendrons are reflected in a great lily pool.

—Photo Courtesy Lavina McLeod.

**McConnell's ACCLIMATED ROSES**

THIS year's collection of 136 choice varieties includes the best new types. Grown on our 100-acre estate. All guaranteed to be vigorous, hard-wooded, strong-rooted, thoroughly acclimated.

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# WORLD of WOMEN

## Simple Mathematics

BY ISABEL MORGAN

**PROBLEMS** in addition and subtraction, as solved by a well-known beauty expert:

"Lips look fuller in a bright, clear color. . . Narrower if the color's dark. Same with nails. If they're too slim for the finger, a bright shade will broaden them. If over-sized use a deep, dark color. A white line at the tips also tends to widen the nail. Cover the tip for added length.

"To make the mouth look wider, touch each corner with a spot of brighter color. To narrow it, a darker color.

"Pale shades, in stick or polish, make the skin look darker. Deep or bright shades whiten it through contrast."

### Navy Maneuvres

This season Navy has come in with a twenty-one gun salute, and everybody's wearing it. A well-known creator of beauty creams now helps us face Navy Blue with a new make-up sequence chromatically blended to mate with this classic costume color. It is called Navy Red.

It is a rich, vibrant dramatic shade with the glow of a ripe berry. There's a dry rouge and cream rouge to lend verve to one's own coloring; a lip-



MRS. ARCHIBALD BROWN, author of the children's play, "When the Clock Strikes Twelve," produced by the Children's Theatre Department of the Junior League of Toronto. Beginning with a demonstration performance on March 29, there will be five performances at Margaret Eaton Hall, Toronto.

—Photograph by Romy Jacques.

stick to add ripe luscious beauty to the lips; and a nail enamel to glow and sparkle at the fingertips in the new shade.

### It's in the Bag

The military influence has crept into the new handbags in all sorts of subtle little ways . . . braiding, epaulettes, brass buttons, patch pockets, and even a "canteen" to carry cosmetics and money — not water!

Frames, too, share in all this glorification of the handbag. Tortoiseshell makes novel and handsome contrasts on fine leather bags. In one instance it actually forms a frame, for a tubular piece stands off at each side of a lovely calfskin model, mounting it like a fine picture ready to hang on the wall.



LIEUT.-COLONEL AND MRS. JAMES G. ROSS of Amante Lodge, Thetford Mines, Que., were photographed on the porch of their residence at Nassau in the Bahamas. Colonel Ross plans the construction of a permanent winter residence in the suburbs of Nassau this year to be ready for occupancy next fall.

But even more sensational is the use of genuine malacca. The soft brown-toned wood frames the bag showing just inside the mouth with its grain exposed for all the world like a polished cross section of the heart of a tree. If you remember how expensive great-grandpa's malacca cane was, you will be surprised to know that these malacca-framed beauties are not exorbitant. And in many instances the use of gold jewel-like designs curved over the frame, adds exceptional beauty to already striking bags. Some of the new bags include among their inside fittings a fat pocket the shape of the lipstick to keep that important item right in sight near the mirror.

Big bags are represented by long under-arm numbers softly rounded to fit the curve of the arm. And for use as constant companions "daown saouth" now, or hereabouts later in the season, there are homespuns in natural or delicate pastels hung from wooden frames patterned after roomy knitting bags. And you might keep an eye out for those crocheted bags — hand-worked in France.

### Concave

The word "concave" always used to be associated in our minds with magnifying glasses or watch crystals. One side was concave—the other convex. The words have new meanings this season, though. "Concave" is what you're supposed to look like this spring — beginning below the bosom, right down to your thigh bones. Those of us who've acquired a "convex" curve during the winter months will have to go into reverse if we are ever going to be able to stride with pride along the avenue this spring without benefit of the kind concealment of a fur coat.

Those who are strong-minded enough to permit nothing to interfere with daily exercising will get along very well. Ditto those staunch individuals who shut their eyes to the temptations of the table, and munch firmly at the salads in the reducing diet. But even Mademoiselle Lazybones has a sporting chance to part with the pounds that give trouble when she dons for the first time one of the "long torso" suits. For her there is a slim chromium tube affair called—of all things—a "tiger stretch" which, it is said, will whittle down the form if used only two minutes a day. We do not speak from first-hand experience, though, and there is a possibility that this estimate may be a shade on the optimistic side.

"Not a muscle need be neglected—one movement can be practiced to take inches off your hips—another to 'concave' your waistline and flatten the abdomen. . . . Another to tighten the breast muscles and make your bosom look Balinese. Intestinal sluggishness, double chins, fallen arches—they all come within this Tiger's ken. Needless to say, such exercise is bound to improve blood circulation—result, new roses in the cheeks—new glint to the curls,"—says the information sent to us.

What we would like to know is—Can it hard-boil an egg at an altitude of 9,000 feet while the plane is travelling 150 miles an hour?

Mrs. George E. Armstrong, following an extended stay in Santa Barbara, California, has returned and has taken up her residence at The Connaught Inn, North Hatley, Que.



MR. PERLEY-ROBERTSON and his daughter, Miss Jeanne Perley-Robertson, of Rockcliffe Park, Ottawa, are golf partners on the links of the Belmont Manor Golf Club, Bermuda, where they have been spending a vacation.



MRS. GORDON D. CONANT, of Oshawa, is seen keeping in touch with Canadian affairs while a recent guest at "Cedar Lodge," Bermuda residence of Col. and Mrs. R. S. McLaughlin.

## SOCIAL EVENTS

### Cavalry Ball

The Honorable the Lieutenant-Governor of Quebec and Lady Fiset have graciously consented to extend their patronage to the Cavalry Ball being given by the Officer Commanding and officers of the 6th Duke of Connaught's Royal Canadian Hussars (Arm'd Car) at Montreal on April 6 in the Armory for the benefit of the Ladies' Committee.

### Footlights

Mrs. Burns Lind, chairman of the Children's Theatre Department of the Junior League of Toronto, dropped in to tell us something about "When the Clock Strikes Twelve," a children's play. Beginning March 28 the play will have five performances at the Margaret Eaton Hall, Toronto, and later on will go to different schools in the suburbs. Two of the performances are to be held specially for overseas soldiers' children and will be sponsored by the Citizens' Committee.

The author of the play, a member of the League, is Mrs. Archibald Brown who seems to be something of a feminine Noel Coward. Not only did she write the play, but she collaborated with Miss Barbara Barrett in composing the music, designed the scenery and many of the costumes, and plays one of the parts.

Those taking part include:—Mrs. T. W. Watson, director; Mrs. Bruce Ross, stage manager; Mrs. Jack Eaton, props; Mrs. Maitland McIntosh, costumes; Mrs. A. W. Denny, make-up; Miss Mary Gibson, scenery; Mrs. James T. Scott, sound effects; Mrs. T. W. Denon, lighting; Miss Florence Kemp, music. The cast of players includes:—Mrs. Culver Riley, Mrs. Aubrey Baillie, Miss Jeannie Dunlop, Mrs. Archibald Brown, Miss Mary Rous, Mrs. A. W. Denny, Mrs. Robert Fowler, Miss Florence Kemp, Miss Mary Gibson, Miss Isobel Peppal, Miss Elsie Clarkson, Miss Isabelle Lockhart Gordon, Miss Patricia McParland.

### Frolic

The Junior Cradleship Creche of York Township, Ontario, is having an old-time party, "Farmer Brown's

Frolic," on April 5, Columbus Hall, Toronto. Funds will be used to send children and mothers to camp for two weeks.

Patrons and patronesses are Rev. and Mrs. F. N. Stapleford, Mr. and Mrs. Percy Gardiner, Mr. and Mrs. H. M. Tedman, Mr. and Mrs. Russell Locke, Hon. and Mrs. J. Earl Lawson, Dr. and Mrs. O. Canning, Hon. and Mrs. Leopold Macaulay.

### Military Ball

THE Royal Regiment of Canada Military Ball, which is to be held in Toronto on Friday, April 5th, will be under the patronage of the Lieutenant-Governor of Ontario and Mrs. Albert Matthews, Brigadier and Mrs. R. O. Alexander, Lady Kemp, Lady Gooderham, the Honorable W. D. and Mrs. Ross, Colonel and Mrs. D. H. C. Mason, Lieutenant-Colonel and Mrs. W. G. Cosbie, Mr. and Mrs. Wallace Barrett, Mr. and Mrs. C. L. Burton, Mrs. F. H. Phippen, Mr. A. T. Hunt, Mayor and Mrs. Ralph Day. The entire proceeds of the ball will be devoted to the purchase of wool and other supplies for the men on active service.

### Tea to Follow

On Saturday afternoon, March 30, the Alumni Association of the Toronto Conservatory of Music and the Casavant Society will entertain Miss Charlotte Lockwood, eminent American organist, following her organ recital in Eaton Auditorium. Those who will receive include: Lady MacMillan, Lady Eaton, Miss Marion G. Ferguson, Mrs. James Harris, Mr. A. T. Hunt, Farmer, Mr. D'Alton McLaughlin.

### TRAVELERS

Commander and Mrs. H. G. Nares, who have been residing in Ottawa for some time, are leaving shortly for Winnipeg.

The South African Accredited Representative and Mrs. D. de Waal Meyer have left Ottawa for California, and will be away a few weeks.

Mr. and Mrs. J. H. Gundy, of Toronto, are spending a month at Southern Pines. Their daughter, Mrs. Harold Rykert, is with them during Dr. Rykert's absence in England.

## VICTORIAN PINAFORES



Shades of Grandmother's girlhood, pinafores are back again! They're practical as ever, yes, but they've assumed a lot of pretty new airs—gay embroidery, braid, frivolous frills and the like. And little girls take to them as to party frocks! Here are four favorites from Simpson's large collection.

The giddiest of the lot—crisp white cotton with red polka dots. Sizes 8 to 14. Each 1.49.

A "Sunday best" pinafore of sheer white dimity with gay peasant embroidery. Sizes 7 to 12. Each 2.98.

Victorian Classic—starchy white cotton with eyelet embroidered frills. Sizes 8 to 12. Each 1.98.

Red or blue rick rack trims this white dotted Swiss muslin "party" pinafore. Sizes 7 to 14. Each 1.98.

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## THE CAMERA

### Pictures in the Spring

BY "JAY"

THE Easter season brings thoughts of Spring, and Spring brings to all amateur photographers the urge to try for that "masterpiece" which will knock the eyes of all judges for a loop.

"But," says a correspondent, "except for week-ends I am stuck in the city, and with the season being so short—what chance have I?"

The opportunities for Spring photography are by no means confined to the country, for there are opportunities galore in every city and town. I have a friend here in Toronto who from now on will carry his camera where ever he goes. During his lunch hour he will be seen in one of the parks, or perhaps along the water front. Then again he might find him in a church yard seeking that elusive shot, or down by the market. He might even try one or two from the office window, and I am certain the chase will take him along the main streets, as well as the residential districts.

The light of early Spring is all in favor of the city amateur. It has a softness that gives to city subjects a delicate effect, so different to the harshness of the Summer light. And in that last hour between daylight and the fall of night, there seems to be an atmosphere which makes all things beautiful—even the back-yards of the slums.

To my correspondent, and to all amateurs living in cities, I can say without contradiction, Spring is the birth of your photographic year, eyes and the camera will bring home much joy, and perhaps that masterpiece.

### New Gadgets

Over the week-end I saw two very interesting additions to darkroom facilities. One is a darkroom lamp made by the Eastman Kodak Company. Aided by a very clever design, this lamp does a real job in even illumination. It is of the parabolic type and is nearly six inches in diameter and about six and a half inches in height, and uses a five and a half inch safe light glass.

The other addition is called the Kodak projection print scale. And here we have something that is of definite value to all darkroom workers. The scale which is circular, has a series of ten sectors, each indicating a different printing time in seconds. It is placed over a piece of projection paper on the paper board and the enlarging light turned on for sixty seconds. Upon development the correct printing time is readily determined from this test print.

### Coloring Prints

F. K. of Sudbury want to know how to make colored photographs with water colors. Quite a few years ago I experimented with this work, and while my results were just so-so, I'm satisfied that I could have done much better had I given a little consideration for the simple technicalities involved.

Eastman's make a very suitable set of colors and with each outfit comes instructions which are quite simple to follow. Personally I feel that a knowledge of color composition and color harmony is very necessary if good results are to follow, and F. K. and others interested would be well advised to read up on these subjects. At the moment I cannot think of any book dealing with them, and I would be interested in hearing from any readers who might have such knowledge.

### A New Meter

The Photographic Stores of Ottawa have sent me one of the new Maxim Exposure Meters. This instrument comprises two black bakelite drums which may be revolved by means of the black rims, and on each of these drums there is a white scale. Scale No. 1 carries the diaphragm openings from f/1.4, on, Scale No. 2 carries the shutter speeds from one-thousandth second to two full minutes. On No. 1 will also be found the speed ratings in Scheiner Degrees, and the filter factors.

I tested this instrument with both slow and fast emulsions, and found it well up to the advertised retainance, and considering its low price, and versatility, it should answer the question regarding an exposure meter for those of limited budgets.

Cheerio, and good Spring pictures.

## Announcements

### DEATHS

WADDELL at the Western Hospital on March 19, 1940, Edna Ackerman, wife of the late R. M. Waddell of Peterborough. Mother of Hugh F. Waddell and Flying Officer R. C. A. Waddell.



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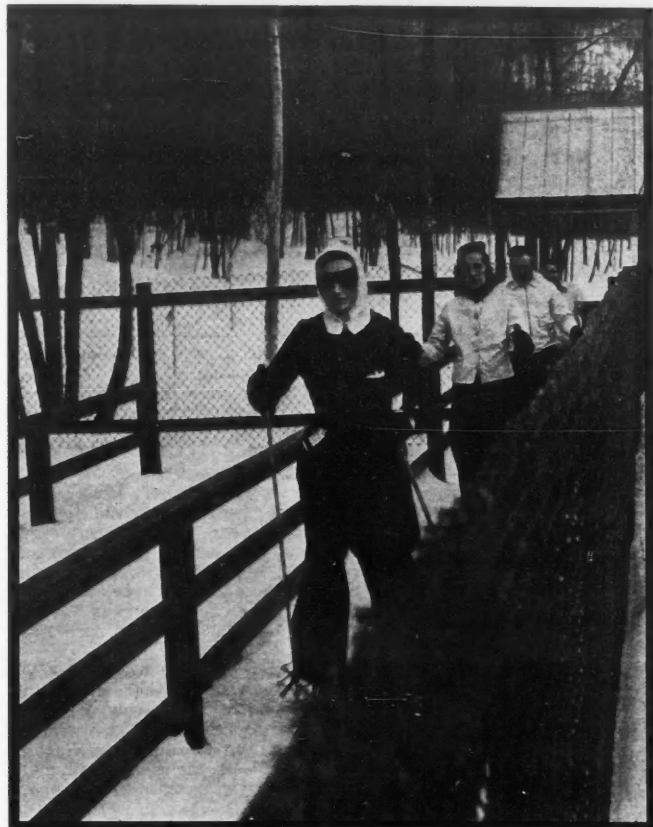
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Western Hospital  
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Waddell.



TWO MEMBERS OF THE GLENORA CLUB, EDMONTON, Miss Joan Archibald (left) and Miss Barbara Nash, are seen practising for the winter carnival held recently at Jasper, Alberta.



MRS. JAMES H. R. CROMWELL, wife of the United States' Minister to Canada, has been seldom photographed, but the former Doris Duke was caught by the camera as she passed through the entrance-wicket of the aerial ski chair lift at Mont Tremblant, Que., on the first day of the running of the Kandahar race. Mr. and Mrs. Cromwell have both become ardent ski fans since their arrival in Canada and spend most week-ends at the Mont Tremblant Lodge. —C.P.R. Photo.



SPRING FASHION SHOW—Note the keen attention of this audience as it watches the parade of the mannequins at a luncheon showing of fashions. —Photograph by "Jay".



SPRING FASHION SHOW—An attractive child model gets ready to show what the younger set will wear this spring. —Photograph by "Jay".

# WORLD of WOMEN

## For Candidates' Wives

BY BERNICE COFFEY

IN HER quiet little way the wife of a political candidate can contribute much to his success when a campaign is being waged. Seated on the platform as he speaks to his constituents she must appear to be completely enthralled even though he's been rehearsing around the house for weeks past and she knows every word by heart. She must be pleasant and friendly to everybody under all circumstances, and must have a sixth sense about important people to whom she must be especially pleasant. She must know when to keep her mouth shut, and equally knowing about when to open it non-committally.

And her appearance is important. Her husband's most telling points will be lost on the women in his audience if they are comparing his wife's hat to a streamlined egg-beater. If her slip shows it would be better for her husband had he remained a bachelor.

Preparations for the Canadian campaign, in one respect at least, lagged behind those now going on in Washington. There they have a Mrs. Butler who seeks to teach wives of congressmen to capitalize on their personal advantages as well as their forensic ability. This being an election year there—and some congressmen put the whole family to work—she has had a larger response than usual.

Here is some of her general advice to the wives. It might with profit be pasted in the hats—egg-beater or otherwise — of all Canadian wives whose husbands are "in politics" and may sometime face the ordeal of another campaign:

"Don't wear radically designed hats. The farm belt doesn't go for them.

"Don't wear brilliantly colored clothes. They distract the audience.

"Don't wear too short skirts. They distract audiences, too.

"Don't let it be said that 'Mr. So-and-So's wife's slip shows'—that's fatal.

"Don't try to impress male audiences. Women are at their best speaking to other women.

"Don't try to tell a joke. Women lack the sense of humor of men and usually can't see the joke's point themselves."

In other words, ladies, park your sense of humor together with your smartest hats in the cedar chest, and leave them there until the ballots are counted.

**South American Way**  
Note to dancing feet—  
Watch for that South American hip-twister to replace the tango and La Conga. It's the Venezuelan "Joropo," and its music is built around the melody of an old gaucho chant "Alma Llanera" — which means the Soul of the Plains, we might add. It has the sway of the tango, shuffle of the rumba and the charming turns of a Continental waltz warmed up under South American skies. Watch for it. You'll be humming it and dancing it soon if you get around much.

## Table Talk

Get out that neglected chafing dish, polish it up, and start collecting recipes—for the chafing dish is back again as a grace note in entertainment at the family board. One of the most attractive we've seen in use lately was a Georgian beauty with ivory handle and legs in entwining-vine pattern.

Match your dress to your luncheon cloth if you have a flair for being mildly dramatic. Word comes to us from the linen market that linen clothes are following the lead of dress linens and going in for dusty pastels in a big way—the hostess and her luncheon cloth companionably complementing each other.

## Best Foot Forward

Some pointers to remember when buying shoes come from a man who spends his days designing foot finery. He thinks shoes should be chosen with the same regard for line and proportion as that given other clothing. His advice is sound.

Those with short, broad feet are advised to look for high built-up lines to narrow the appearance of the feet.

Shoes with sharply chiseled lines are the thing to wear when feet tend to plumpness.

Long narrow feet look their best in shoes with interesting instep details to foreshorten the foot.

## Headlights

Fresh version of the classic button earring is a chunky faceted stone with an almost invisible prong clasp. It's called the "headlight" earring—perhaps because of its size which is about three-quarters of an inch in diameter and because it comes in such light-colored "stones" as aquamarine, topaz and light sapphire.

## Neptune's Post Office

Visitors at Nassau, The Bahamas, are enjoying the novel experience of visiting the "Sea Floor" and undersea

post office in the Photosphere, conducted by Mr. John Ernest Williamson, originator of undersea photography and one of the foremost authorities on marine life.

Mr. Williamson maintains a post office on the ocean floor. It is authorized by the Bahamas Government and has its own official stamp showing ocean floor scenes. His Majesty the King and President Franklin D. Roosevelt, among thousands of others, have received mail from the unique Bahamas post office.

Through the glass window of the undersea chamber visitors view the marine gardens where brilliantly colored fish dart among fantastic forma-



AN AFTERNOON SUIT of blue surah is patterned with a small printed bee design in white. A Bruyere original.

tions of coral, colorful sea fans and plumes and other undersea growth. And now-and then one of the native diving boys enters the scene.

Among a number of motion pictures Mr. Williamson has helped to produce in his career, are "Twenty Thousand Leagues Under The Sea" and "The Mysterious Island."

## Presentation

Her Excellency the Lady Tweedsmuir received the following ladies at Government House, Ottawa, on the morning of Friday, March 23:

Mrs. Ernest Lapointe, Mrs. J. G. Gardiner, Miss Duff, Lady Perley, Hon. Cairine Wilson, Mrs. Thibaudau Rinfret, Mrs. Lawrence Freiman, Mrs. Lapointe made the presentation to Her Excellency of the mink coat from the women of Canada.

## Legends

We just ran across two versions of an Irish legend in our newspaper reading which seem to indicate that there is something in the rumor that the Irish don't agree—not even in the matter of legends.

A news item in the Montreal "Gazette" states that "not since 1799 has the calendar brought St. Patrick's Day and Palm Sunday together on one day. It will not happen again until 2199, but the long arm of coincidence will have very happy effect in 1940 if it should bring fulfillment of an Irish prophecy that the year when palm and shamrock meet, that year shall see a great and lasting peace."

An article in a Toronto paper quotes Mr. D'Arcy Hinds, K.C., past president of the Toronto Branch of the Gaelic League, as stating that "an old Irish prophecy may be ominously timely this St. Patrick's day. The legend is that when St. Patrick's day and Palm Sunday fall together—as they do in 1940 for the first time in more than a century—blood will flow in the streets."

We've decided to sit tight and just watch developments without saying a word.

## TRAVELERS

Major and Mrs. W. J. Megill, who recently returned to Canada after spending the past year at the Staff College, Quetta, India, have arrived in Kingston, and are occupying an apartment on West Street.

Mrs. J. E. Ganong Jr., and Mrs. Eardley Wright, of Toronto, have left for England to join their husbands who are with the C.A.S.F.

Mrs. Gerald Boulton has returned to Toronto from Oban, Scotland.

Mr. and Mrs. J. H. Bonar have left Montreal by motor for South Carolina and will be away a month. En route they will visit Washington, D.C.

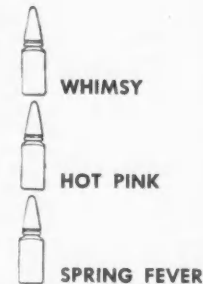
The Venerable Archdeacon J. M. Snowden, who has been spending several weeks with his son-in-law and daughter, Dr. and Mrs. Graves, in Barbados, has returned to Ottawa.

EVERY DAY'S  
A HOLIDAY—



IN  
*Peggy Sage's*

## ESCAPE TRIO



Give reality the slip this spring! Sport on your fingertips the smartest, gayest nailtones of the season . . . Peggy Sage's Escape Trio: WHIMSY—a subtle, clinging-vine pink, designed to paint you the picture of girlish innocence. HOT PINK—an equatorial nailtone—frankly glamorous. SPRING FEVER—vivid, flattering blue-red . . . a gay, romantic release from winter's end doldrums.

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STOP-OVER ALL-EXPENSE TOURS

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LAKE LOUISE AND EMERALD LAKE in the Canadian Rockies

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9 days—\$105 up. To Skagway and return. Sailings from Vancouver . . . fare includes meals and berth—except at Skagway.

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Go and return from the Pacific Coast through the Canadian Rockies on your vacation. 165-mile steamship trip included on your ticket between Vancouver and Seattle—stopping at Victoria. Enjoy three Alpine resorts . . . at one low cost. Banff Springs Hotel . . . Chateau Lake Louise . . . Emerald Lake Chalet. Golf, swimming, tennis, riding, hiking. Dance and concert orchestras.

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VICTORIA GLACIER seen from the shore of lovely Lake Louise near the charming Chateau.

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NEW COLUMBIA ICEFIELD HIGHWAY . . . Completed for 1940. Spectacular tours from Lake Louise to the Columbia Icefield and return at moderate cost.

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6 WONDERFUL DAYS . . . from \$74.50

Tours begin at Banff, June 8, and include hotel accommodations, meals at Banff and Lake Louise, visit to Emerald Lake and 126 miles of mountain motoring or in reverse direction from Field. Add rail fare to Banff or Field.

Low round-trip summer rail fares to or from Pacific Northwest and California via Canadian Pacific transcontinental trains . . . air-conditioned.

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Dr. and Mrs. Charles Camsell have returned to Ottawa after spending some time in Florida.

Mr. Albert E. Holt and his niece, Mrs. John Stethem, have returned to Montreal from a cruise to the Caribbean.

Mr. Harry H. Ward, who has been visiting his brother-in-law and sister,

Sir Frederick and Lady Haultain, for nearly three months, has left Montreal for Rawlins, Wyoming.

Mrs. A. Searle Leach, who has been visiting in Boston, has returned to Winnipeg.

Mrs. Norma Featherstone Cowley, who has been spending some time in New York, has returned to Toronto.



